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Via Federal Express

February 1, 2006

Karl Fingerhood U.S. Department of Justice Environmental Enforcement Section U.S. Department of Justice ENRD Mailroom, Room 2121 601 D. Street, N.W. Washington, D.C. 20044-7611

Re: United States V. Powerine Oil Company et al.

Civil No. CV-04-6435 PA(JWJX) USDC C.D. Cal.

Dear Karl:

On November 16, 2005, you sent me a letter which contained additional questions regarding the finances of Powerine, CENCO and EMC ("Powerine"). Enclosed are Powerine's responses to those questions. As we have explained in the past, however, EMC denies any liability in this case and, by providing information concerning EMC, we do not waive any arguments we have regarding EMC's alleged liability.

We have attempted to be as thorough as possible. However, because some of the questions relate to records from several years ago, we have not been able to locate all of the backup information. If you have any additional questions or require any additional information, please let us know.

As we discussed last week, Powerine would very much like to reach a resolution of this matter as quickly as possible so that cleanup of the refinery site, sale and development can proceed.

Thank you very much for your cooperation.

Sincerely,

Albert M. Cohen of Loeb & Loeb LLP

AMC:ee 07152010002 LA1026852.1

**Enclosures** 

## RESPONSES OF POWERINE OIL COMPANY, CENCO AND EMC TO EPA'S NOVEMBER 16, 2005 QUESTIONS AND DOCUMENT REQUESTS

Question 1) Describe the nature of the capital gains in the amount of \$7,134,304 captioned "EMCC Commodity Trading" as reported on Schedule D to Form 1120 for 1999, a) explain why there is no cost basis associated with these sales and b) identify what was done with the proceeds from these sales.

Response: On the 1999 form 1120 schedule D, the short-term capital gains in the amount of \$7,134,304 captioned as "EMCC Commodity Trading" reflect the net taxable income realized by EMC Capital Corp and affiliates from buying and selling regulated commodity futures and options on NYMEX (hereinafter the "Merc") during calendar year 1999. These trades were executed in several different segregated commodity futures accounts at major brokerage houses. Schedules that summarize the calculation of taxable income in the amount of \$7,134,304, which were prepared contemporaneously with the trading activity that generated the aforementioned taxable income, are located in Exhibit A. There is no cost reported for these trades because the net revenue was comprised of the gross option premiums received less losses realized on the related future contracts delivered/received when options matured and needed to be converted into the underlying securities.

As can be seen from the first page of Exhibit A, the taxable income from the Pioneer 70394 trading account, the Pioneer 70394R trading account, the Refco 30970 trading account, the S. Stone 14705 trading account, and the London trading account total \$16,661,475.07. This taxable income amount is reduced by two items: first, a private put premium in the amount of \$6,130,500 and second, taxable losses from the Pioneer 70393 trading account in the amount of \$3,396,668.

As the name indicates, the private put premium represents a single premium payment on a private put option. The transaction was reversed approximately 8 months later and is captured as taxable income during 2000 (additional information regarding the reversal of the private put premium is discussed in the response to question two below). The taxable losses from the Pioneer 70393 trading account in the amount of \$3,396,668 are shown as a single item in Exhibit A, rather than including additional detail as is the case with the other trading accounts, because sufficient records were not available at the time the first page of Exhibit A was prepared to provide a more detailed accounting. After deducting the two items discussed above, the resulting net taxable income, as referenced in the previous paragraph, is \$7,134,307.

Three additional schedules are also included in Exhibit A. These three schedules provide additional detail of monthly transactions for the Pioneer 70394 trading account, the Pioneer 70394R trading account, the Refco 30970 trading account, and the S. Stone 14705 trading account. At the present time, we have been unable

to locate additional detail for the London account. As detailed in Exhibit A, the London account represents only \$180,670 of the \$7,134,306 gain.

In general, it was the practice to reinvest the net proceeds in new trades. However, at times it was necessary to transfer money to other entities within the EMC consolidated group to fund working capital requirements and federal tax payments. In addition, funds have been used to make other long-term investments. At this time all of the net proceeds have been withdrawn for these purposes.

By way of example, from 1998 to 2003, the EMC consolidated group invested \$19,700,482 in Energy Merchant, LLC¹ (hereinafter "EMLLC"). In particular, the EMC consolidated group's investments in EMLLC are comprised of a \$10,000,000 investment in 1998 (see page 6 of the Energy Merchant Corporation [hereinafter "EMC"] 1999 consolidated tax return in Exhibit B), an \$8,350,483 investment in 2000 (see page 5 of the EMLLC 2000/2001 comparative audited financial statements included in Exhibit C), and a \$1,350,000 investment in 2003 (see page 5 of the EMLLC 2003 reviewed financial statements included in Exhibit C). Since it began operations in December 1998, EMLLC has experienced significant working capital deficiencies and operating losses. Funds invested by the EMC consolidated group have been utilized by EMLLC to cover these deficiencies and losses.²

Question 2) Describe the nature of the capital gains in the amount of \$41,141,782 captioned "Commodities Futures and Options" as reported on Schedule D to Form 1120 for 2000, a) explain why there is no cost basis with these sales and b) identify what was done with the proceeds from these sales.

Response: On the 2000 form 1120 schedule D, the short-term capital gains in the amount of \$41,141,782 captioned as "Commodities Futures and Options" reports similar trading activity as explained in response to question one. Schedules that summarize the calculation of taxable income in the amount of \$41,141,782 are located in Exhibit D. The schedules located in Exhibit D, with the exception of the reconciliation totals included at the bottom of the first page, were prepared contemporaneously with the trading activity that generated the aforementioned taxable income.

The reversal of the private put premium discussed in the response to question one is shown on the first page of Exhibit D. As can be seen, \$6,000,000 of the original \$6,130,000 premium was refunded during 2000.

<sup>&</sup>lt;sup>1</sup> EMLLC is 99% owned by Energy Merchant Holding, Inc. (hereinafter "EMH"). EMLLC is engaged in providing price protection programs and the merchandising of petroleum products, predominantly heating oil, diesel fuel and gasoline.

<sup>&</sup>lt;sup>2</sup> As reflected in the EMLLC 2004 reviewed financial statements included in Exhibit C, EMLLC currently has limited assets and operating activity.

As with Exhibit A, several additional schedules are included that provide additional detail of monthly transactions. For example, the second page of Exhibit D provides detail for the Refco 30970 and Refco LTC accounts. A slight discrepancy exists in the Refco 30970 account between the total contained on the more detailed schedule located at the second page of Exhibit B (\$23,159,962) and total contained on the YTD Realized P&L shown on the first page of Exhibit D (\$23,316,417). At this time, we are not certain of the reason for the discrepancy; however, the discrepancy is offset by a discrepancy for essentially the same amount in the Pioneer 70394 account. The logical explanation is that a trade that should have been recorded in the Refco account was inadvertently recorded in the Pioneer account (or vice-a-versa).

Question 3) Explain the reason for the officer compensation in the amount of \$9,708,541 paid to Michael Cornish from EMC Capital Corp. in 2000 as indicated on Statement 3 to Form 1120. Provide all documentation related to this compensation, including any employment contract with this individual and any board resolutions approving this payment.

**Response:** First, we thought it would be helpful to provide a brief summary of the relationship between Mr. Cornish and EMC. Mr. Cornish joined EMC in late 1998. He was responsible for the trading operations and personally traded energy futures and options on the commodity exchanges. Mr. Cornish was very successful and, as standard in the industry, received a bonus of 20% of his gross profit. During 1999 and 2000, Mr. Cornish was paid seven figure bonuses due to his successful trading. During 2001 and 2002, Mr. Cornish's trading activities were less successful; accordingly, his compensation was significantly less during 2001 and 2002 than it was during 1999 and 2000. Mr. Cornish had a falling out with management because he disagreed with management's decision to use money made by Mr. Cornish to fund the marketing operations. The marketing operations were losing many millions of dollars and needed substantial infusion of cash to maintain their operations. This dispute resulted in Mr. Cornish leaving Energy Merchant to go on his own. As the parties continued to desire to work together in some fashion it was decided that the Company would sponsor an energy fund with Mr. Cornish as the lead trader. Over the course of a year the Company developed an energy fund (the "Fund") with the intention of raising up to 100 million dollars in investment capital. During the development of the Fund the parties operated the Fund using their own money with most of the invested money belong to Mr. Cornish. During 2003, just when the Fund was going to begin raising money, Mr. Cornish was very successful and made tens of millions of dollars.<sup>3</sup> Mr. Cornish decided not to continue with the Fund and formed his own company.

<sup>&</sup>lt;sup>3</sup> EMC received its proportionate share of the trading profits generated by Mr. Cornish during 2003. However, since most of the invested capital had been contributed by Mr. Cornish, the vast majority of the profits ascribed to Mr. Cornish. It is estimated that EMC received about \$2 million from these trades. \$1 million was used to fund operations of EMLLC and the rest was used to fund other EMC operations.

As noted above, Michael Cornish was the primary trader who designed and executed the option trading program that resulted in the extraordinary net revenues noted above. His compensation was negotiated between the executive officers and directors of EMC and relates directly to the success of his efforts during 1999 and 2000. Mike Cornish received a profit split of 20% as his compensation for his performance. As noted, this is a standard fee in the industry. This payment was reported as compensation to Mr. Cornish for that taxable year.

The EMC consolidated group did not view it as advantageous to execute an employment agreement with Michael Cornish regarding his compensation. Accordingly, no such agreement was executed. To our knowledge, Mr. Cornish's compensation is not contained in any board resolutions. No other documents are available to the EMC consolidated group at this time that would document the terms of Mr. Cornish's employment or compensation. EMC officials are available to discuss the employment arrangement if that would be helpful.

Question 4) Statement 15 to Form 1120 for 2001 lists beginning Total Other Current Assets in the amount of \$25,143,454, including \$9,233,836 captioned "Advest Stocks & Bonds". Schedule 16 to Form 1120 for 2001 lists beginning Combined Other Investments in the amount of \$39,028,833, including \$2,248,257 captioned "Advest". Statement 20 to Form 1120 for 2001 lists ending Total Other Current Assets in the amount of \$7,811,786, which includes no amount captioned "Advest". Schedule 21 to Form 1120 for 2001 lists ending Combined Other Investments in the amount of \$62,816,633, including \$2,079,519 captioned "Advest". Statement 5 to Form 1120 for 2001 reflects for Advest a sales price of zero, a basis of \$731,715, and a resulting loss of \$731,715. Explain the nature of the Advest investments which totaled \$11,482,093 as of December 31, 2000, and explain how these investments declined in value to only \$2,079,519 as of December 31, 2001.

Response: The investments held in the "Advest" accounts were comprised of stocks, bonds and money market funds (securities held for trading) that were marked to market daily. Exhibit E details, among other things, the market value, cost, unrealized gains and losses and accrued income on investments held in EMC's Advest account as of December 31, 2000. The balance reflected on EMC's financial statements was \$9,233,836. To calculate this balance, one must consider the impact relating to the sale of two securities that had been ordered, but not settled, on December 31, 2000. In particular, EMC had ordered the sale of its holdings in Nasdaq100 and Sun Microsystems but, by December 31, 2000, the trades had yet been settled. Accordingly, Exhibit E reflects EMC's combined total of the market value of securities in the Advest account as \$16,087,442. This amount is first reduced in Exhibit E by \$6,534,375. This amount represents the market value of the Nasdaq 100 and Sun Microsystems securities (\$5,837,500 + \$696,875 = \$6,534,375). The resulting balance of \$9,553,067 is further reduced by \$319,231, which represents the unrealized loss in these two positions

((\$283,289.80) + (\$35,941.45) = (\$319,231.25)). The resulting balance is \$9,233,836.

Individual securities were not usually held for extended periods of time and thus the change in the value of the total account balance from one period to another is not indicative exclusively of losses (or gains) realized or recognized during an entire calendar year; instead, the decline in the balance reflects both the sale of securities held in the Advest account and the transfer of sale proceeds to other entities within the EMC consolidated group to fund working capital requirements or make long-term investments.

Question 5) Explain the nature of the \$6,600,000 in 2001 which was reported on the books but not included on the tax return. This income is reflected on Schedule M-1 to Form 1120.

**Response:** The non-taxable income booked in 2001 and reported on form 1120 schedule M-1 consisted of \$6,600,000 of unrealized appreciation in the value of the investment in a note receivable that had been purchased at a deep discount in 1999 by EMLLC. As shown in Exhibit F, differences between book income and tax income, which are what is captured in M-1 adjustments contained in tax returns, for the years 1999 to 2004 are primarily temporary differences that have essentially reversed or been eliminated during the 1999 to 2004 time period. In particular, Exhibit F shows that the EMC consolidated group's loss before federal tax for book purposes for the years 1999 to 2004 was \$3,517,113. For this same time period, the EMC consolidated group's loss before federal tax for tax purposes for the years 1999 to 2004 was \$3,196,949. The difference between these two numbers, which is only \$320,164, likely relates to permanent differences between book income and tax income (e.g., only 50% of expenses for meals and entertainment are deductible for tax purposes). Such permanent differences between book income and tax income are common in companies' accounting records.

This revaluation was recognized for book purposes because the debtor, Stratus Petroleum Corp. (hereinafter "Stratus"), had embarked on a program to sell some of its operational assets at a substantial premium over their historical book/carrying values and these assets were pledged as collateral for the discounted note. Management was assured that when the sales were completed the proceeds payable to EMLLC would far exceed the investment in the note receivable resulting in a capital gain to EMLLC. Beginning in 2002 when Stratus began selling its operational assets and continuing through today, EMLLC has reported taxable income equaling sums collected against this note that are substantially more than the sum originally estimated in 2001. All proceeds received by EMLLC from Stratus as payments under the discounted note have been used for working capital purposes and/or long-term investments within the EMC consolidated group.

Question 6) The Affiliations Schedule included as part on EMC's 2003 federal income tax return reflects 100% ownership of six entities, including a) EMC Capital Corporation, b) Energy Merchant Holding, Inc., c) Energy Merchant Management Co., LLC, d) Anglo Petroleum Corp., e) Corporate Development, Inc. and f) Powerine Oil Corp. The undated organizational chart provided excludes Energy Merchant Management Co., LLC, Anglo Petroleum Corp., and Corporate Development, Inc. Please explain why each divested, provide a) the date of the divestiture, b) the party to whom the entity was divested and c) the amount and form of compensation received.

Response: There are two inactive wholly owned subsidiaries not listed on the current EMC organizational chart because they have no employees, assets or revenues: Anglo Petroleum Corp and Corporate Development, Inc. They were still listed on the consolidated income tax returns, even though none of these entities actively conducted any business, since the corporate charters have not been surrendered and management wished to preserve its option to re-activate one or more of these entities in the future. Energy Merchant Management Company LLC (hereinafter "EMMC") was an entity that was created to provide back office, bookkeeping, and administrative services for Energy Merchant Advisory Co, LLC (hereinafter "EMAC"), a defunct investment advisory company, and Energy Merchant Investors Fund, LLC (hereinafter "EMIC"), a defunct entity created for the purpose of creating and holding a commodity energy hedge fund. None of these entities are involved in EMC's core businesses. (See also the answer to question nine below).

Question 7) Due from affiliates as reflected on Statement 7 of Form 1120 for 2003 was \$3,208,497 at year end 2002 and \$502,047 at year end 2003. Please a) explain this reduction; b) identify the specific affiliates; and c) explain the origin of this amount due.

Response: The amounts reported as due from affiliates reflect open advances of working capital to subsidiaries. Open advances made to EMC by its more liquid subsidiaries provide these funds and are reported as due to affiliates on the same balance sheets. Exhibit G details the balances reflected as due from affiliates for the year end 2002, in the amount of \$3,208,498, and for the year end 2002, in the amount of \$502,047. As can be seen, Exhibit G segregates the balances into two separate categories. The first category reflects balances that were written-off or otherwise adjusted because of poor financial performance and/or the termination of the entity. In particular, the \$7,000 balance owed from Energy Merchant Investment Fund, LLC (hereinafter "EMIF"), the \$975,888 balance owed from EMAC (see also the response to question nine) and the \$1,542,722 balance owed from WTL or Williams Technologies, LLC (hereinafter "WTLLC") were written-off or otherwise adjusted because of poor financial performance and/or the termination of these entities (additional information regarding EMIF, EMAC and WTLLC is included in the response to questions ten and eleven).

The second category reflects balances that changed as a result of cash payments made to or on behalf of the entity that held the receivable. Changes in the balances owed from EML or EMLLC, and SPC or Stratus reflects balances that changed as a result of intercompany transactions that were either direct cash transactions between the entities or transactions for which a benefit was transferred and received. Accordingly, there is no explanation for the changes in the later category other than normal working capital uses and sources.

Question 8) Loans to employees as reflected on Statement 7 of Form 1120 for 2003 was totaled \$1,854,428 at year end 2003. Provide identification of each individual included in this documentation (including but not limited to notes, loan agreements, amortization schedules, security or collateral agreements, etc.) documenting the terms of the loans, along with the current balance and terms of any loans still outstanding.

**Response:** The amount due from employees at December 31, 2003 was comprised of non-interest bearing loans to the following individuals: W. Arthur Benson balance due on a loan - \$1,000,000; Elizabeth Y. Moy short-term business loan for an unrelated venture - \$150,000; and Paul W. Perconti payroll advances against future profit sharing bonuses - \$704,428. As of December 31, 2005 the following balances remain due and payable: Benson - \$1,000,000; Moy - \$75,000; and Perconti - \$404,428.

**Question 9)** Due from EMAC as reflected on Statement 7 of Form 1120 for 2003 was \$975,388 at year end 2002, and zero at year end 2003. Explain the reasons for this reduction, and provide all relevant documents.

**Response:** The amount due from EMAC at December 31, 2002 was offset by the equity in the losses incurred by this subsidiary during 2001 and the year then ended. In 2003 this company was closed after incurring additional losses and these "loans" were forgiven and posted as additional contributions to the capital of this failed business venture. The EMAC 2002 and 2003 partnership tax returns are included in Exhibit H.

Question 10) Explain the reasons for the reductions in Other Investments as reflected on Statement 8 to the 2003 federal income tax return in: a) Design-Architects.com, from \$250,000 at year end 2002 to \$0 at year end 2003; b) Energy Merchant Holding, Inc., from \$22,851,494 at year end 2002 to \$(785,573) at year end 2003; c) EMC Capital Corporation, from \$11,178,187 at year end 2002 to \$75,073 at year end 2003; d) Energy Merchant LLC, from \$13,116,031 at year end 2002 to \$(1,460,646) at year end 2003; e) Williams Technologies LLC, from \$(1,542,722) at year end 2002 to \$0 at year end 2003 (an increase); f) FIMAT & Stone Brokerage, from \$236,158 year end 2002 to \$0 at year end 2003; g) EMIF LLC, form \$820,374 at year end 2002 to \$0 at year end 2003, h) EMAC LLC, from \$(97,540) at year end 2002 to \$73,222 at year end 2003 (an increase);

and i) EMMC LLC, from \$(151,205) at year end 2002 to \$465 at year end 2003 (an increase). Provide all relevant documents related to each of these changes.

Response: Other capital investments in both included and unconsolidated subsidiaries and affiliates were carried at their cost or equity basis. During 2003 management, following a review of its investment policies, wrote down all of the unconsolidated investments to their net realizable values – usually zero. Also, they reclassified all working capital advances that were originally categorized as loans that had not been returned and expect to remain that way as contributions to capital of each subsidiary.

As further support for the adjustments addressed in this response, we have included, in instances where little or no explanation has been provided elsewhere in the responses, a brief discussion of each entity. In addition, we have indicated below if tax returns have been included in the exhibits to the responses. The responses below correspond to the lettering contained in the question.

- a) Design-Architects.com was created to be an internet-based design firm on real estate building projects. Michael Cornish's brother was one of the principals of the business. Like many internet-based businesses initiated in the late 1990s, Design-Architects.com was not successful and is currently defunct. We are unable to locate any financial information on Design-Architects.com. EMC officials are available to discuss EMC's investment in Design-Architects.com if that would be helpful.
- b) The balance in EMH's asset accounts at year end 2002 was comprised primarily of investments in EMC\*Capital Corp. and EMLLC. Accordingly, one must consider the financial condition and operating performance of EMC Capital Corp. (discussed briefly at item c.) and EMLLC when evaluating EMH. As mentioned previously, EMLLC's audited and reviewed financial statements for the years 2000 to 2004 are located at Exhibit C. A 2003 tax return for EMH is contained in Exhibit I.
- c) The balance in EMC Capital Corp.'s asset accounts at year end 2002 was comprised primarily of an intercompany receivable due from EMC. Accordingly, the repayment of this balance would have no net affect on the EMC consolidated group, since any cash inflow to EMC Capital Corp. due to a repayment on the intercompany receivable would be exactly offset by a corresponding cash outflow from EMC. EMC Capital Corp. tax returns for the years 2002 and 2003 are contained in Exhibit J.

- d) The EMLLC asset balance in the amount of \$13,116,031 reflects EMH's recorded investment in EMLLC. This asset balance was discussed in item b.
- e) WTLLC was developing drilling technology to be applied to proven reserves. In addition, WTLLC had a working interest in proven fields. As can be seen from the tax returns (see Exhibit K), WTLLC only generated nominal amounts of revenue while incurring relatively significant costs primarily relating to oil and gas leases and salaries. The original capital investment was made by EMH. The negative balance in the amount of \$1,542,722 represents EMH's negative capital account comprised of EMH's original \$100,000 capital investment less the losses incurred since the inception of the business. When the business ceased in 2002, the negative capital account was written off. By the end of 2002, EMH held a 100% interest in WTLLC.

WTLLC losses were being funded (with the exception of the initial capital contributions) by loans from EMC. Since EMH held a 100% interest at the time WTLLC ceased operations, the negative capital account in the amount of \$1,542,722 equaled exactly the amount of the loan owing from WTLLC to EMC (see the response to question seven). Accordingly, not only was the investment with a credit balance adjusted to zero, but the receivable balance on the books of EMC with a debit balance for the same amount was adjusted to zero as well.

- f) The reduction in the FIMAT & Stone Brokerage accounts from \$236,158 at year end 2002 to \$0 at year end 2003 represents the transfer of any securities or cash balances from these brokerage accounts to other brokerage accounts or the use of these balances to fund working capital deficiencies, fund operating losses or make other long-term investments.
  - g) EMIF, EMAC and EMMC are discussed in the response to questions six and eleven. As mentioned previously, tax returns for EMAC are contained in Exhibit H. Tax returns for EMMC are contained in Exhibit L. Tax returns for EMIF are contained in Exhibit M.

Question 11) Explain the relationship between EMC and: a) Design-Architects.com; b) Williams Technologies LLC; c) FIMAT & Stone Brokerage; d) EMAC LLC; e) EMMC LLC; f) Energy Merchants Investors Fund LLC; and g) EMAC. Your response should include a) the business purpose of each entity; b) EMC's ownership interest, if any, in each entity; c) how any such ownership interest was acquired; d) a description of any transactions between EMC and each entity; e) when EMC's relationship with the entity

ended; f) why the relationship ended; g) the identification of the purchaser of any interest owned by EMC; and h) the amount received by EMC for any interest sold or transferred.

**Response:** The response to question ten is also responsive to some of the items listed in this question. The responses below correspond to the lettering contained in the question.

- a) EMC was an investor and subordinated creditor to Design-Architects.com. See response a. to question 10 for additional information.
- b) EMC Capital Corp was the majority owner of WTLLC. This entity ceased operations in 2002. See response e. to question 10 for additional information.
- c) FIMAT and Stone are trading accounts with brokerage houses. EMC has no affiliation with the national brokerage houses FIMAT or Stone. See response f. to question 10 for additional information.
- d) EMAC was intended to be the investment advisory company for EMIF. The EMC consolidated group's interest in EMIF was held by EMC Capital Corp. The fund never materialized as envisioned and was liquidated in April 2003 when the fund managers left to form their own companies. EMIF was an entity created for the purpose of creating and holding a commodity energy hedge fund. The EMC consolidated group's interest in EMAC was held by EMH (or Energy Merchant Holding, Inc.). This ownership interest was approximately 10% with Michael Cornish owning the remaining 90% EMAC never materialized into an operating entity (it only reflected expenses) and was closed in 2003 coinciding with the termination and liquidation of EMIF.
- e) EMMC was created to provide back office, bookkeeping, and administrative services for EMAC, a defunct investment advisory company and EMIC, a defunct entity created for the purpose of creating and holding a commodity energy hedge fund. Like EMAC above, EMMC never materialized into an operating entity and was closed in 2003 coinciding with the termination and liquidation of EMIF.
- f) As discussed in subpart d above, EMIF was intended to be a vehicle for creating and holding a commodity energy hedge fund. It never materialized and all profits were distributed to the investors. EMC's share of profits was used for working capital in the various EMC businesses.
- g) EMAC is the same entity as discussed in subpart d above.

Question 12) According to Statement 11 to Form 1120 for 2003, cash dividends from subsidiary in the amount of \$13,112,269 and cash dividends from EMC CC (which we understand to mean EMC Capital Corp.) of \$13,112,269 were zeroed out with a \$26,224,538 adjustment. Explain the nature of these dividends and why they were offset by this adjustment.

**Response:** The upstream inter-company dividend of \$13,112,269 from EMC Capital Corp. to its parent EMH reports the reclassification of working capital advances previously recorded as an inter-company receivable from EMC on EMC Capital Corp's books as a dividend. In turn this entry was recorded between EMH and its parent EMC. The cumulative effect of these transfers eliminates an inter-company loan and reduces inter-company capital investments by a like amount. The build-up of the inter-company receivable between EMC Capital Corp. and EMC reflects the transfer of funds from EMC Capital Corp. to EMC. However, the transaction categorized as a dividend during 2003 in the amount of \$13,112,269 is simply an accounting entry that reclassifies the receivable owed from EMC to EMC Capital Corp. as a dividend. Since EMC Capital Corp. is a wholly-owned subsidiary of EMH, and EMH is a wholly-owned subsidiary of EMC, the dividend reclassification was recorded as between EMH and EMC Capital in the amount of \$13,112,269, as well as between EMC and EMH in the amount of \$13,112,269. Since in 2003 a 100% dividend exclusion was afforded to dividends between wholly-owned subsidiaries, an adjusting entry in the amount of \$26,224,538 was made to eliminate the impact to taxable income of the dividend reclassification.

Question 13) According to Statement 13 to Form 1120 for 2003, equity in subsidiary earnings of \$2,009,155 was zeroed out with a \$2,009,155 adjustment. Explain why these earnings were offset by this adjustment.

Response: The subsidiary earnings of \$2,009,155 reflect EMC equity in the net profits of EMC Capital Corp (see Exhibit J). The actual revenues and expenses of these subsidiaries were reported directly on the consolidated return, and thus this inter-company book income must be eliminated in consolidation to avoid duplication.

Question 14) The combined totals column on the Consolidated Reports to Form 1120 for 2003 show \$26,236,582 in dividends which is zeroed out through an equivalent special deduction. Explain the nature and purpose of this special deduction.

**Response:** The special deduction allowed to EMC represents the combined dividends from EMC Capital Corp to EMH, and from EMH to EMC – see answer number 12 above and form 851Affiliations Schedule contained in the EMC 2003 tax return.

Question 15) Provide financial statements for the year end December 31, 2004 and the most recent year to date financial statement for 2005.

**Response:** The 2004 income statements and balance sheets are contained in the 2004 EMC consolidated income tax return contained in Exhibit N. The preparation of the 2005 financial statements will coincide with the initial work performed in conjunction with the 2005 tax return.

Question 16) Provide the complete federal income tax return for 2004.

Response: The EMC consolidated 2004 income tax return is contained in Exhibit N. The primary elements of EMC's income for 2004 were as follows. First, there was consulting income earned by EMLLC pursuant to a Consulting Agreement with a company named Guttmann trading. In general EMLLC did a marketing business under the Guttmann name with EMLLC using their people and Guttmann providing the financing. Income was split 50-50 between the parties. All parties were responsible for their own overhead. Second, Stratus Petroleum (see discussion above) sold their terminal facility in Baltimore, Maryland. The proceeds from the sale were paid to EMLLC to pay down the principal balance of the note. Third, CENCO, also a company owned 50% by Energy Merchant, sold some of its refining equipment in December 2004 to Sinclair Oil Company. Finally, EMC sold 50% of its ownership interest in EMC Capital Corp. Accordingly, the taxable income realized during 2004 did not result from ongoing operations. Instead, the taxable income was generated from one-time events.

Most of the proceeds were used to cover CENCO overhead and CENCO business and litigation expenses or other EMC business activities. A portion of these funds, about \$3 million, were paid to Pat Robertson who was entitled to a share of the receipts from equipment sales.

<sup>&</sup>lt;sup>5</sup> During 2005, Stratus Petroleum sold it last terminal of material size located in Newark, New Jersey. The proceeds, about \$2.8 million, were used to pay the last portion of the Stratus Petroleum note. These funds were used to cover EMLLC operations and for other general corporate purposes.

Question contained in November 16, 2005 transmittal letter from the U.S. Department of Justice) In addition, as discussed at our meeting, we understand that your clients were going to provide additional information regarding the \$12.5 million "dividend" paid to EMC and where those funds went.

Response: During the summer of 1998, EMC sold Powerine Oil Company's (hereinafter "Powerine") refinery and related assets to CENCO. As a result of the earnings realized by Powerine during 1998, Powerine, essentially a shell company after the sale of the refinery and related assets, transferred approximately \$12.5 million as a "dividend" to EMC. The two most significant uses of the \$12.5 million transferred to EMC were a \$10 million investment to acquire EMLLC<sup>6</sup> and a \$1 million investment to capitalize EMC Capital Corp. A copy of the journal entries, which were prepared contemporaneously with the aforementioned transactions, are located in Exhibit O.

### **VERIFICATION**

I, VINCENT J. PAPA, declare as follows:

I have read the foregoing RESPONSES OF POWERINE OIL COMPANY, CENCO AND EMC TO EPA'S NOVEMBER 16, 2005 QUESTIONS AND DOCUMENT REQUESTS and know its contents.

The matters stated in the foregoing document are true to the best of my information and belief.

Executed on February 2, 2006, at Salt Lake City, Utah.

I declare under penalty of perjury under the laws of the State of Utah that the foregoing is true and correct.

VINCENT JAPA FIND

<sup>&</sup>lt;sup>6</sup> The other primary investor in the EMLLC transaction was Power and Energy Capital Group, Inc./Harvard Management Company, Inc. (see Exhibit P).

**A** 

EXHIBIT A

Detail of Trading Gains & Losses

January- December 1999

|                     | Pioneer         | Pioneer      | Refco          | S. Stone     | London       | Other        |                 | Running         |
|---------------------|-----------------|--------------|----------------|--------------|--------------|--------------|-----------------|-----------------|
| INCOME = ( )        | 70394           | 70394R       | <b>309</b> 70  | 14705        | P&L          | Pal          | Total           | Balance         |
| Prior Yr Reversal   | 749,938.00      |              | 1,686,903.00   |              |              |              | 2,436,841.00    | 2,436,841.00    |
| Jan - April         | (2,951,990.80)  | (59,909.00)  | (2,229,108.60) | -            |              |              | (5,241,008.40)  | (2,804,167.40)  |
| May-99              | 189,542.30      | -            | 467,700.00     |              |              |              | 657,242.30      | (2,146,925.10)  |
| Jun-99              | (2,644,075.55)  | -            | (526,565.00)   | •            |              |              | (3,170,840.55)  | (5,317,565.65)  |
| Jul-99              | (4,495,257.64)  | (54,195.00)  | (2,018,002.20) | -            |              |              | (6,565,454.84)  | (11,883,020.49) |
| Aug-99              | (3,014,288.00)  | -            | 1,734,686.20   | •            |              |              | (1,279,601.80)  | (13,162,622.29) |
| Sep-99              | 1,486,484.16    | (34,540.00)  | 6,299,296.40   | •            | (80,670.00)  | -            | 7,670,570.56    | (5,492,051.73)  |
| Oct-99              | (2,473,537.27)  | •            | (5,026,125.80) | -            |              |              | (7,499,663.07)  | (12,991,714.80) |
| Nov-99              | (1,545,673.28)  | (81,957.24)  | (5,049,722.40) | (553,795.23) |              |              | (7,231,148.15)  | (20,222,862.95) |
| Dec-99              | 2,068,016.23    |              | 1,745,192.00   | (151,820.35) | (100,000.00) |              | 3,561,387.88    | (16,661,475.07) |
| Sub total           | (12,630,841.85) | (230,601.24) | (2,913,748.40) | (705,615.58) | (180,670.00) | -            | (18,661,475.07) | (16,661,475.07) |
| Private put premium | •               | -            | -              | -            | -            | 6,130,500.00 | 6,130,500.00    | (10,530,975.07) |
| Pioneer 70393       |                 |              |                |              |              | 3,396,668.36 | 3,396,668.36    | (7,134,306.71)  |
| YTD P&L             | (12,630,841.85) | (230,601.24) | (2,913,746.40) | (705,615.58) | (180,670.00) | 9,527,168.36 | (7,134,306.71)  | (7,134,306.71)  |

Detail of Unrealized Trading Gains & Losses

|              |          |         | D           | ecember 1999 |        |       |             |         |
|--------------|----------|---------|-------------|--------------|--------|-------|-------------|---------|
|              | Pioneer  | Pioneer | Refco       | S. Stone     | London | Other |             | Running |
| INCOME = ( ) | 70394    | 70394R  | 30970       | 14705        | P&L    | P&L   | Total       | Balance |
|              |          |         |             |              |        |       |             |         |
| Futures      | 9,500.00 |         | 162,471.00  | 183,140.00   |        |       | 355,111.00  |         |
| Options      |          | (       | 104,400.00) | 16,230.00    |        |       | (88,170.00) |         |
| -            | 9,500.00 | -       | 58,071.00   | 199,370.00   | •      | *     | 266,941.00  |         |

#### EMC CAPITAL CORP PIONEER ACCOUNT SUMMARY OF MONTHLY TRANSACTIONS JANUARY 1- DECEMBER 11, 1999

#### EXHIBIT A

| A/C #70394     |                |                |             |                | (IN)/Out      |              |             |                |                 |                |                |              |                |
|----------------|----------------|----------------|-------------|----------------|---------------|--------------|-------------|----------------|-----------------|----------------|----------------|--------------|----------------|
|                |                | (IN)/Out       | (Inc)/Exp   |                | Trans toffrom |              | (inc)/Exp   | (Incl/Exp      | (Inc)/Exp       | (DR) CR        | (inc)/Exp      |              |                |
|                | Opening        | *Wfree         | Interest    |                | 79396 or      |              | Transaction | Future/Options | Net Option      | Account        | Open trade     | Option       | Account        |
| Month          | Belence        | Margin         | Income      | T-Bills        | 70394reg      | 70396        | Feas        | PLS            | Prombana        | Balance        | Elquity        | Market value | Velcre         |
| Jan-99         | (1,153,897,30) |                |             |                |               | (865,000.00) |             | 685,485,50     | (559,644,00)    | (1,593,075.80) | (597,006.80)   |              | (2,290,082.60) |
| Feb-99         | (1,893,075,80) | (226,540.00)   |             |                | •             | 84,330.00    |             | 174,317.10     | 120,596,75      | (1,540,371.95) | (730,696.40)   |              | (2,271,070.35) |
| Mar-99         | (1,540,371,95) | 4,600,000.00   |             |                |               |              | 4,964,25    | (1,715,364.75) | (1,355,110.00)  | (5,882.48)     | (545,109.00)   |              | (550,991.45)   |
| Apr-99         | (5.882.45)     | 500,000.00     |             |                | (59,900,00)   | -            | 1,792,50    | (15,698,15)    | (293,319.00)    | 127,001.90     | (161,219.60)   |              | (34,217.70)    |
| May-99         | 127,001.90     | (2,650,000.00) | (11,089.55) | (486.43)       |               |              | 1,887,00    | 407,765.30     | (220,110.00)    | (2,345,011.78) | 428,219.20     |              | (1,916,792.58) |
| <b>99</b> -nut | (2.345,011,78) | 2,000,000.00   | •           | 2,440,520.83   |               |              | 1.095.00    | (2,177,410.55) | (487,780.00)    | (548,586.50)   | (1,053,817.00) |              | (1,602,383,50) |
| Jui-99         | (548,566.50)   | 4,000,000,00   |             |                | (54,204.00)   |              | 2,362.00    | (970,699.64)   | (3,526,920.00)  | (1,098,028.14) | 242,633.40     |              | (855,394.74)   |
| Aug-99         | (1,095,028,14) | 5,000,000.00   |             |                |               |              | 2,503.00    | 811,249,00     | (3,826,040.00)  | 867,683.86     | (250,116.80)   |              | 637,567.06     |
| Sep-99         | 887,683.86     | 390,000,00     |             |                | (34,540.00)   |              |             | 1,948,824.16   | (482,340.00)    | 2,729,628.02   | 471,893.40     |              | 3,201,521.42   |
| Oct-99         | 2,729,828,02   | 2,100,000,00   |             |                | 70,000.00     |              |             | (567,027.27)   | (1,906,510.00)  | 2,428,090.75   | (172,066.00)   |              | 2,254,024.75   |
| Nov-99         | 2,426,090.75   | 2,275,000,00   | (11,555.98) | (1,539.48)     | (151,957.24)  |              | 970.00      | (162,947,32)   | (1,383,695,96)  | 2,000,364.77   | 1,085,755.80   |              | 4,076,120.57   |
| Dec-99         | 2,990,364.77   | •              | (59,479.17) | (1.487,195.05) |               |              |             | 2,625,581.48   | (557,585.25)    | 3,531,706.78   | 9,500,00       |              | 3,541,206.78   |
| ַ מדץ          |                | 17,988,480.00  | (82,104.70) | 971,299.87     | (230,601.24)  | (580,670.00) | 15,573.75   | 1,044,054.86   | (14,440,408,46) |                |                |              |                |

(14,440,408,46) 1,044,054,86 15,573,75 (13,380,779,85) 749,938,00 (12,830,841,85) profit

prior year reversal 1999 P&L

A/C #70394 REG

| Month   | Opening<br>Balance   | (IN)/Out<br>"Whree<br>Margin | (inc)/Exp<br>Interest<br>Income | 7- <b>84</b> 1* | (IN)/Out<br>Trans to/from<br>70384reg | (Inc)/Exp<br>Transaction<br>Fees | (inc)/Exp<br>Future/Options<br>P&S | (Inc)/Exp<br>Not Option<br>Promises | (DR) CR<br>Account<br>Belance | (inc)/Exp<br>Open tress<br>Equity | Option<br>Market value | Account<br>Value |
|---------|--|------------------------------|---------------------------------|-----------------|---------------------------------------|----------------------------------|------------------------------------|-------------------------------------|-------------------------------|-----------------------------------|------------------------|------------------|
| Jan-99  |  |                              |                                 |                 |                                       |                                  |                                    |                                     |                               |                                   | •                      | •                |
| Feb-99  | -  |                              |                                 |                 |                                       | •                                |                                    |                                     | •                             |                                   |                        |                  |
| Mar-99  |  |                              |                                 |                 |                                       |                                  |                                    |                                     | •                             |                                   |                        | •                |
| Apr-89  | •  |                              |                                 |                 | 59,900.00                             |                                  | (59,909,00)                        |                                     | (9.00)                        |                                   |                        | (9.DC)           |
| Mary-99 | (9,00)   |                              |                                 |                 |                                       |                                  |                                    |                                     | (9.90)                        |                                   |                        | (9.00)           |
| Jun-99  | (9.00)   |                              |                                 |                 |                                       |                                  |                                    |                                     | (9.00)                        |                                   |                        | (9.00)           |
| 99-ئسار | (00.8)   |                              |                                 |                 | 54,204.00                             |                                  | (54,195.00)                        |                                     | •                             |                                   |                        |                  |
| Aug-99  |  |                              |                                 |                 |                                       |                                  |                                    |                                     | -                             |                                   |                        | •                |
| Sep-99  |  |                              |                                 |                 | 34,540.00                             |                                  | (34,540.00)                        |                                     |                               |                                   |                        |                  |
| Oct-99  |  |                              |                                 |                 | (70,000,00)                           |                                  |                                    |                                     | (70,000.00)                   |                                   |                        | (70,000.00)      |
| Nov-99  | (70,000,00)  |                              |                                 |                 | 151,957.24                            |                                  | (81,957.24)                        |                                     |                               |                                   |                        |                  |
| Oec-99  |  |                              |                                 |                 |                                       |                                  | •                                  |                                     |                               |                                   |                        |                  |
| YTD     | Marine Course Service Marine M | *                            |                                 | •               | 230,801.24                            | -                                | (230,601.24)                       | •                                   |                               |                                   |                        |                  |

1999 P&L

(230,601,24) profit

# EMC CAPITAL CORP REFCO ACCOUNT SUMMARY OF MONTHLY TRANSACTIONS JANUARY 1 - DECEMBER 31, 1999

### **EXHIBIT A**

|        | Opening        | (inc)/Exp<br>Interest | (IN)/Out<br><i>"Wires</i> | (inc)/Exp<br>Transaction | (inc)/Exp<br>Future/Options | (IN)/Out<br>Net Option | Account         | Open trade      | Option       | Net            |
|--------|----------------|-----------------------|---------------------------|--------------------------|-----------------------------|------------------------|-----------------|-----------------|--------------|----------------|
| Month  | Belance        | Income                | Margin                    | Fees                     | P&S                         | Premiums               | Balance         | Equity          | Market value | Liquidity      |
| Jan-99 | 818,083.02     | (2,316.59)            | 372,000.00                |                          | (249,708.20)                | •                      | 938,058.23      | (1,357,995.80)  |              | (419,937.57)   |
| Feb-99 | 938,058.23     | (2,238.30)            | (130,000.00)              |                          | (784,083.20)                |                        | 21,736.73       | (348,979.60)    |              | (327,242.87)   |
| Mar-99 | 21,736.73      | (868.55)              | 500,000.00                | 12,496.00                | (1,376,903.60)              | •                      | (843,539.42)    | 401,180.80      |              | (442,358.62)   |
| Арт-99 | (843,539.42)   | (1,779.16)            | •                         | 13,940.00                | 298,150.40                  | (143,000.00)           | (676,228.18)    | 190,243.20      |              | (485,984.98)   |
| May-99 | (676,228.18)   | (1,273.37)            | (600,000.00)              | 28,012.00                | 381,608.00                  | 58,080.00              | (809,801.55)    | 100,282.40      |              | (709,519.15)   |
| Jun-99 | (809,801.55)   | (2,286.08)            | (400,000.00)              | 24,596.00                | (521,121.00)                | (30,040.00)            | (1,738,652.63)  | (302,879.20)    |              | (2,041,531.83) |
| Jul-99 | (1,738,652.63) | (2,972,16)            | (330,000.00)              | 91,444.00                | (956,871.20)                | (1,150,575.00)         | (4,087,626.99)  | (123,956.40)    |              | (4,211,583.39) |
| Aug-99 | (4,087,626.99) | (9,020.99)            | •                         | 61,088.00                | 1,281,923.20                | 391,675.00             | (2,361,961.78)  | (2,714,704.20)  |              | (5,076,665.98) |
| Sep-99 | (2,361,961.78) | (16,386.32)           | (4,612,567.65)            | 70,452.00                | 5,910,644.40                | 318,200.00             | (691,619.35)    | (5,464,254.40)  |              | (6,155,873.75) |
| Oct-99 | (691,619.35)   | (15,694.22)           | 981,536.13                | 81,464.00                | (4,562,684.80)              | (544,905.00)           | (4,751,903.24)  | (1,864,634.60)  |              | (6,616,537.84) |
| Nov-99 | (4,751,903.24) | (20,295,99)           | 7,250,000.00              | ·                        | (3,830,622.40)              | (1,219,100.00)         | (2,571,921.63)  | 1,290,579.80    |              | (1,281,341.83) |
| Dec-99 | (2,571,921.63) | (21,268.72)           |                           |                          | 1,805,792.00                | (60,600.00)            | (847,998.35)    | 162,471.00      | 45,200.00    | (640,327.35)   |
| YTD    |                | (96,400.45)           | 3,030,968.48              | 383,492.00               | (2,603,876.40)              | (2,380,265.00)         | (18,421,458.16) | (10,032,647.00) |              |                |

(2,603,876.40) (2,380,265.00) 383,492.00 (4,600,649.40) 1,688,903.00 (2,913,746.40)

prior year reversal 1999 P&L

### EMC CAPITAL CORP S. STONE ACCOUNT SUMMARY OF MONTHLY TRANSACTIONS JANUARY 1 - DECEMBER 31, 1999

# EXHIBIT A

Saul Stone A/C 14605 14705

| Month  | Opening<br>Balance | (Inc)/Exp<br>Interest<br>Income | (IN)/Out<br><i>"Wires</i><br><i>Margin</i> | Transaction<br>Fees | (inc)/Exp<br>Future/Options<br>P&S | (IN)/Out<br>Net Option<br>Premiums | Account<br>Balance | Open trade<br>Equity | Option<br>Market value | Net<br>Liquidity |
|--------|--------------------|---------------------------------|--|---------------------|------------------------------------|------------------------------------|--------------------|----------------------|------------------------|------------------|
| Jan-99 | •                  |                                 | •  |                     |                                    |                                    | •                  |                      |                        | *                |
| Feb-99 | •                  |                                 | •  |                     |                                    |                                    | •                  |                      |                        | -                |
| Mar-99 | •                  |                                 |  |                     |                                    |                                    | -                  |                      |                        | •                |
| Apr-99 | •                  |                                 |  |                     |                                    |                                    | -                  |                      |                        | -                |
| May-99 | -                  |                                 |  |                     |                                    |                                    | -                  |                      |                        | -                |
| Jun-99 | -                  |                                 |  |                     |                                    |                                    | •                  |                      |                        | -                |
| Jul-99 | -                  |                                 |  |                     |                                    |                                    |                    |                      |                        | -                |
| Aug-99 | -                  |                                 |  |                     |                                    |                                    | •                  |                      |                        | •                |
| Sep-99 | •                  |                                 |  |                     |                                    |                                    | -                  |                      |                        | -                |
| Oct-99 | •                  |                                 |  | 4+                  |                                    |                                    | •                  |                      |                        | -                |
| Nov-99 | -                  |                                 | (500,000.00)                               |                     | 180,929.77                         | (734,725.00)                       | (1,053,795.23)     |                      |                        | (1,053,795.23)   |
| Dec-99 | (1,053,795.23)     | (1,314.50)                      | (400,000.00)                               |                     | 1,123,914.51                       | (1,275,734.86)                     | (1,606,930.08)     | 183,140.00           | 244,500.00             | (1,179,290.08)   |
| ` מדץ  |                    | (1,314.50)                      | (900,000.00)                               | •                   | 1,304,844.28                       | (2,010,459.86)                     |                    |                      |                        |                  |

1,304,844.28

(2,010,459.86) (705,615.58)

1999 P&L

Department of the Treasury Internal Revenue Service
U.S. Corporation Income Tax Return 199
are separate. See instructions for Paperwork Reduction Act Notice.

|                  |                                       |                             |                                       |   |                                 | TOIN IS CAUCAGOTTA                                     |                       |                                    |   |             |               | pole al alla apaed.       |
|------------------|---------------------------------------|-----------------------------|---------------------------------------|---|---------------------------------|--|-----------------------|------------------------------------|---|-------------|---------------|---------------------------|
| For              | calenda                               | ır year 1999 (              | or tax year b                         | eginning                                | ,                               | 1999, ending   |                       |                                    | •                                       |             |               | . OMB No. 1545-0123       |
| A                | neck if                               | a:                          |                                       | Name                                    |                                 | •  |                       |                                    |   | B           | Emplo         | yer Identification Number |
| 7 0              | onsolidate                            | d return                    | Use IRS                               | ENERCY MED                              | CHANT                           | CORPORATIO   | M                     |                                    |   | }           | 12_           | 3855623                   |
|                  |                                       |                             | label.                                | Number Street and                       | Poom or Sui                     | te Number (II a P.O. b                                 | 07 100 iO             | smirtions \                        | <del></del>                             | <del></del> |               | ncorporated               |
| Z P              | ersonal ho<br>ompany (a<br>chedule Pr | lding<br>ttach              | Otherwise,                            | 1                                       |                                 |  |                       | 330050113.7                        |   |             |               | •                         |
|                  |                                       |                             | please                                | 126 EAST 5                              | 6TH 57                          | REET; 33 F   | LOOR                  |                                    | <u> </u>                                | Ŀ           | 067           | 15/95                     |
| 3 6              | ersonal ser                           | in jemb<br>inice com        | print or type.                        | City or Town                            |                                 |  |                       | State ZIP Code                     |   | D           | Total A       | Assets (see instructions) |
| P.               | egs Section<br>- see instr            | n 1.441.4T                  |                                       | NEW YORK                                |                                 |  |                       | NY 10022                           |   |             |               |                           |
|                  |                                       |                             |                                       | <del></del>                             |                                 | 15   | - h2                  |                                    |   | -           |               | 36 636 566                |
| =                |                                       | plicable box                |                                       | Initial return                          | (2)                             | Final return.  |                       | Change of ac                       |   | \$          |               | 26,816,598.               |
|                  | lat                                   | Gross receipts o            | r sales                               |   | b Less re                       | turns & allowances .                                   |                       | ·································· | c Balance                               | . ►         | · 1c          |                           |
|                  | 121                                   | Cost of door                | is sold (Sche                         | dule A line 8)                          | <b></b> '                       | •  | <del></del>           |                                    | <del></del> '                           | 1           | 2             |                           |
|                  | 3                                     | 0:00                        | مرزل فمسطنات                          | . O trans line 1-                       | •••••                           | •  | ····                  |                                    | •••••••                                 | . 1         | 3             | <del> </del>              |
|                  |                                       |                             |                                       |   |                                 |  |                       |                                    |   | - 1         |               | <del> </del>              |
| 1                | 4 1                                   | Dividends (S                | chedule C, li                         | ine 19)                                 | • • • • • • • • •               |  |                       |                                    |   | į           | 4             | 3,900.                    |
| Й                | 5 1                                   | Interest                    |                                       | · · · · · · · · · · · · · · · · · · ·   |                                 |  |                       |                                    |   | . 1         | 5             | 1,225,142.                |
| C                | 6 6                                   | Gross rents                 |                                       | •                                       |                                 |  |                       |                                    |   | Í           | 6             | 1                         |
| M                | 7                                     | Cross rough                 |                                       | • |                                 | · · · · · · · · · · · · · · · · · · ·                  | •••••                 |                                    |   | - }         | 7             | <del> </del>              |
| E                |                                       |                             |                                       |   |                                 |  |                       |                                    |   | }           |               | <del> </del>              |
|                  |                                       |                             |                                       |   |                                 | 1120))   |                       |                                    |   |             | 8             | 6,056,690.                |
|                  | 9 1                                   | Net gain or (               | loss) from Fo                         | orm 4797, Part II                       | , line 18 (                     | attach Form 4797                                       | )                     |                                    |   | . [         | 9 .           | <u> </u>                  |
|                  | 10 (                                  | Other income (s             | ee instructions -                     | – attach schedule) 🤄                    | See Other                       | r. Income.Stateme                                      | ent                   |                                    |   | ſ           | 10            | 3,144,332.                |
|                  | ,                                     | •                           |                                       |   |                                 |  |                       |                                    | •                                       | -           | 11            | 10,430,064.               |
|                  | 12 (                                  | Componentia                 | n of officers                         | Cobodula E. lia                         | ·····                           |  | •••••                 | <del></del>                        | • |             | 12            | 2,213,710.                |
|                  |                                       |                             |                                       |   |                                 |  |                       |                                    |   |             |               |                           |
| ₽,               | 13 9                                  | salanes and                 | wages (less                           | employment cre                          | dits)                           |  | • • • • • • •         |                                    | ••••••                                  | - 1         | 13            | 399,527.                  |
| E                | 14 F                                  | Repairs and                 | maintenance                           | :                                       | • • • • • • • •                 |  | <i></i>               |                                    |   | ļ           | 14            | 1,592.                    |
| บั โ             |                                       |                             |                                       |   |                                 |  |                       |                                    |   | L           | 15            | <u> </u>                  |
| č                | 16 / F                                | Rents                       | <del>.</del>                          |   | <b>.</b>                        |  | . <i></i>             |                                    |   | Γ           | 16            | 374,340.                  |
| Ţ                |                                       |                             |                                       |   |                                 |  |                       |                                    |   | - 1         | 17            | 948,864.                  |
| 7 4              |                                       |                             |                                       |   |                                 |  |                       |                                    |   | Ť           | 18            | 265;937.                  |
| N t              |                                       |                             |                                       |   |                                 | nitation)  |                       |                                    |   | _           | 19            | 1,500.                    |
| S                |                                       |                             |                                       |   |                                 |  |                       |                                    |   | `           | 13            | 1,300.                    |
| , C              | 20 [                                  | pepreciation                | (attach Form                          | 1 4562)                                 | ••••••                          |  |                       | 20                                 | . 8,03                                  | <u> </u>    | ٠.            |                           |
| S S              |                                       |                             |                                       |   |                                 | vhere on return  |                       |                                    |   |             | 21 b          | 8,039.                    |
| E o              | 22 [                                  | Depletion                   | • • • • • • • • • • • • • • • • • • • |   |                                 | <i>.</i>   |                       |                                    |   |             | 22            | <u> </u>                  |
| <u>ı</u> "       | 23 A                                  | Advertising .               |                                       |   | · · · · · · · · · · · · · · · · | •                | · · · · · · · ·       |                                    | • • • • • • • • •                       | _ L         | 23            | 10,175.                   |
| N D              | 24 P                                  | ension, prot                | fit∙sharing, e                        | tc, plans                               |                                 |  |                       |                                    |   | : l         | 24            |                           |
| Ī                | 25 E                                  | Employee be                 | nefit progran                         | ns :                                    |                                 |  |                       |                                    |   | П           | 25            | 52,336.                   |
| űc               | 26 0                                  | ther deductions             | (attach schedul                       | le) See Other D                         | eductions                       | Statement  |                       |                                    |   | ٢           | 26            | 1,652,208.                |
| FI               |                                       |                             |                                       |   |                                 |  |                       |                                    |   |             | 27            | 5,928,228.                |
| į. ė             | 28 7                                  | avable income l             | before not opera                      | tina lace deduction a                   | nd enocial d                    | eductions. Subtract lin                                |                       | a line 11                          | • • • • • • • •                         |             | 28            | 4,501,836.                |
| N S              |                                       |                             |                                       |   |                                 | nstructions)   |                       |                                    | 34,25                                   |             |               | 4,301,830.                |
| \$               | 120                                   |                             |                                       |   |                                 |  |                       |                                    |   |             | ا ـ ا         | 35 005                    |
| <del></del>      | <del> </del>                          |                             |                                       |   |                                 |  | <u></u>               | 29 Ы                               | 2,73                                    |             | 29 c          | 36,985.                   |
| <b>T</b>         | 30 T                                  | axable incom                | me. Subtract                          | line 29c from lin                       | e 28                            | . <b></b>  |                       |                                    |   | Ļ           | 30            | 4,464,851.                |
| T<br>A<br>X      | 31 T                                  | otal tax (Sch               | nedule J, line                        | e 12)                                   |                                 |  | · · · · · · · · · · · |                                    |   | - 1         | 31            | 1,213,339.                |
| X                | 32 P                                  | avments: 2                  | 1998 overpayn<br>credited to 199      | ent 32 a                                | •                               | 395,290.   | 11166                 |                                    |   |             | $\neg \neg$   |                           |
|                  | h 1                                   | 000 estimate                | ed tax payme                          | ents 32 b                               | <del></del>                     |  | 7. 14                 |                                    |   | 322         | - {           |                           |
| A<br>N           |                                       |                             |                                       |   |                                 |  | <u> </u>              |                                    | 20.5                                    | 1668        | - 1           | •                         |
| ö                |                                       |                             | applied for on I                      |   | L                               |  | Bal►                  | 32d                                | 395,29                                  | _           |               |                           |
| _                | e T                                   | ax deposited                | d with Form 7                         | 7004                                    | • • • • • • • • •               |  |                       | 32 e 1                             | <u>,465,000</u>                         | 2.          | - 1           | •                         |
| · Þ              | 1 0                                   | redit for tax               | paid on undi                          | istributed capital                      | gains (att                      | ach Form 2439)   | :                     | 32 1                               |   | - 1         | - }           | b/u w/h, 1177.            |
| Ą                | ac                                    | redit for fed               | eral tax on fu                        | uels (attach Form                       | 4136). S                        | ee instructions.                                       |                       | 32 g                               |   | . ]         | 32 h          | 1,861,467.                |
| M                |                                       |                             |                                       |   |                                 | rm 2220 is attach                                      | F                     |                                    | ► 🛛                                     |             | 33            |                           |
| M<br>E<br>N<br>T | ,                                     |                             |                                       | -                                       |                                 |  |                       |                                    | ··· - 67                                | <b>-</b>    |               | <del></del>               |
| . <u>N</u>       |                                       |                             | •                                     | •.                                      |                                 | 31 and 33, enter                                       |                       |                                    | · · · · · · · · · · · · ·               | -           | 34            |                           |
| Š                | 35 · O                                | ) verpayment                | . If line 32h i                       | is larger than the                      | total of li                     | nes 31 and 33, er                                      | nter am               | ount overpaid                      |   | <u>L</u>    | 35            | 648,128.                  |
| Э.               | 36 Er                                 | nter amount of I            | line 35 yau want                      | Predited to 2000 es                     | timated tax                     | <b>&gt;</b>  | (                     | 648,128.                           | Refunded                                | <b>-</b> [] | 36            | -                         |
| <u></u>          |                                       |                             |                                       |   |                                 |  |                       |                                    |   |             | t of m        | y knowledge and           |
| Sign             | 1                                     | belief, it is to            | ve, some                              | dubling of the control                  | of preparer                     | etum, including accomposition (other than taxpayer) is | based or              | all information of                 | which preparer                          | has a       | ny kno        | wledge.                   |
| Her              | •                                     | Elama .                     | re of othicer                         | \$\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\ | -<br>                           | Date 11 1  | W                     | Tide                               | رراسار                                  |             |               | <del></del>               |
|                  |                                       | Signatu                     | to or orneer to                       | · · · · · · · · · · · · · · · · · · ·   | <del></del>                     |  | <del></del>           |                                    | 16                                      | N = -       | TIAL          |                           |
|                  |                                       | Preparer's                  | , Dim                                 | mon DR.                                 | 1.                              | MICHA 91   | الحار                 | Check if self-                     | Preparer's SS                           | -Li         | - 184<br>ペューン | بتحد                      |
| Paid             |                                       | Signature                   | 1                                     | 1 10 7750                               | <u>WWW</u>                      | ध्यप्रपात ॥  | 400                   | employed                           | 140                                     | 7           |               | <u>~~~</u>                |
|                  | arer's                                |                             |                                       | L'ADRES & S                             | 7.A.                            |  |                       | ·                                  | EIN •                                   | _62         | -100          | 03788                     |
| Use              | Only                                  | (or yours if self-employe   | , <sub>o)</sub> 🕨 ¯                   | 2012-1897                               | E AAAI                          | TYLAND 2120  | JĄ.                   |                                    | T                                       | ~:          |               |                           |
|                  |                                       | self-employe<br>and Address | _                                     | - ENVERTING                             | *                               |  |                       | <del></del>                        | ZIP Code                                | سمير        | 120           | <del>4</del>              |
|                  |                                       |                             |                                       |   |                                 |  |                       |                                    |   |             |               |                           |

Form 7004 (Plev. July 1998)

Department of the Treasury

# Application for Automatic Extension of Time To File Corporation Income Tax Return

OMB No. 1545-0233

| Name of corporation  |                                       | Employer identification number |
|--|---------------------------------------|--------------------------------|
| ENERGY MERCHANT CORPORATION  |                                       | 13-3855623                     |
| Number, street, and room or suite no. (if a P.O. box or outside the United States, see instructions.)  |                                       | 13 3033023                     |
| 445 PARK AVENUE  | ·····                                 |                                |
| City or town, state, and ZIP code NEW YORK, NY 10022   |                                       |                                |
| Check type of return to be filed:  |                                       | <u></u>                        |
|  | Form 1120-REIT                        | Form 1120-SF .                 |
|  | form 1120-RIC                         |                                |
| Form 1120-F , Form 1120-L Form 1120-POL F  | Form 1120S                            | . •                            |
| Form 990-C Note: Other 990 filers (i.e., Form 990, 990-EZ, 990-BL, 990-PF, and certain filers of the second | Form 990-T (see                       |                                |
| Form 990-T instructions)) must use Form 2758 to request an extension of time to file.  |                                       |                                |
| Form 1120-F filers: Check here if you do not have an office or place of business in the United States  | <del></del>                           | ,                              |
| This First files. Office for it you do not have an office of place of business in the cities of the cities of place of business in the cities of the cities of place of business in the cities of business i |                                       |                                |
| 1a 1 request an automatic 6-month (or, for certain foreign corporations, 3-month) extension of time  |                                       |                                |
| until SEPTEMBER 15, 2000, to file the income tax return of the corporation named above   | e for 🕨 🔀 cale                        | ndar                           |
| year 1999 or ► tax year beginning , and ending   | <del></del> •                         | ·                              |
| b If this tax year is for less than 12 months, check reason:    Initial return   | 00-00  4-4-4-                         | hu — An ha Gin I               |
| Initial return   | Consolidated re                       | tum to be med                  |
| 2 If this application also covers subsidiaries to be included in a consolidated return, complete the following:  |                                       |                                |
| Name and address of each member of the affiliated group  | Employer identific                    | ation . Tax period             |
|  | - noniper                             | 76. 50.100                     |
| SEE STATEMENT 1  |                                       |                                |
|  | <del></del>                           |                                |
| CLIENT'S COPY I  |                                       |                                |
| OLILITI O OOLI   |                                       |                                |
|  | <del></del>                           |                                |
|  |                                       | 1                              |
|  | <del></del>                           |                                |
|  |                                       |                                |
|  |                                       | <b>1</b>                       |
| 3 Tentative tax  | 1:                                    | 1,860,290.                     |
| Credits:   |                                       |                                |
| a Overpayment credited from prior year 4a 395, 290.  |                                       |                                |
| b Estimated tax payments for the tax year 4b   |                                       |                                |
| c Less refund for the tax year   |                                       |                                |
| applied for on Form 4466   | 395,290.                              |                                |
| e Credit for tax paid on undistributed capital gains (Form 2439)   |                                       |                                |
| f Credit for Federal tax on fuels (Form 4136)  |                                       |                                |
|  | · [                                   | 207 200                        |
| Total. Add lines 4d through 4f   |                                       | 395,290.                       |
| Balance due. Subtract line 5 from line 3. Deposit this amount electronically or with a Federal Tax Deposit (   | FTD) Coupon 6                         | 1,465,000.                     |
|  | · · · · · · · · · · · · · · · · · · · |                                |
| Ignature Under penalties of perjury, I declare that I have been authorized by the above-named corporation to make this application elief, the statements made are true correct, and complete.  | Ferrit in the nest or my know         | inago ani                      |
| U  | <u> </u>                              | 3/15/00                        |
| (Signature of officer or agent) (Title)  |                                       | (Date)                         |
| WA For Panaguary Reduction Art Notice see instructions   | •                                     | Form 7004 (Rev. 7-98)          |

| Form 1120 (1999) ENERGY MERCHANT CORPORATION  | 13-3855623            | 3 Page                                  |
|---|-----------------------|---|
| Schedue 3 Tax Computation (see instructions)  |                       |   |
| . 1 Check if the corporation is a member of a controlled group (see Sections 1561 and 1563)   |                       | ••                                      |
| Important: Members of a controlled group, see Instructions.   | 1 1                   |   |
| 2a If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, & \$9,925,000 taxable income brackets (in that or  | der):                 |   |
| (1) $\frac{5}{50,000}$ . (2) $\frac{5}{25,000}$ . (3) $\frac{5}{9,925,000}$   | <u>)0.</u>            |   |
| b Enter the corporation's share of: (1) Additional 5% tax (not more than \$11,750) \$ 11,75   | 50.                   |   |
| (2) Additional 3% tax (not more than \$100,000) \$  |                       |   |
| 3 Income tax. Check if a qualified personal service corporation   | .                     | ,                                       |
| under Section 448(d)(2) (see instructions)  | 3 .                   | 1,518,049.                              |
| 4a Foreign tax credit (attach Form 1118)  |                       |   |
| b Possessions tax credit (attach Form 5735)   |                       | •                                       |
| c Check: Nonconventional source fuel credit QEY credit (attach Form 8834) — 4 c   | <del></del>           |   |
| d General business credit. Enter here and check which forms are attached:   |                       |   |
| 3468 5884 6478 6765 8586 8830 8826  | 1 1                   |   |
| 8835 8844 8845 8846 8820 8847 8861 4 d  | 1.1                   | •                                       |
| e Credit for prior year minimum tax (attach Form 8827)  | 710.                  |   |
| 5 Total credits. Add lines 4a through 4e  | . 5                   | 304.710.                                |
| 6 Subtract line 5 from line 3   |                       | 1,213,339.                              |
| 7 Personal holding company tax (attach Schedule PH (Form 1120))   |                       |   |
| 8 Recapture taxes. Check If from: Form 4255 Form 8611   | 8                     |   |
| 9 Alternative minimum tax (attach Form 4626)  |                       |   |
| 10 Add lines 6 through 9  | . 10                  | 1,213,339.                              |
| 71 Qualified zone academy bond credit (attach Form 8860)  | 11                    |   |
| 12. Total tax. Subtract line 11 from line 10. Enter here and on line 31, page 1   | 12                    | 1,213,339.                              |
| Schedule K Other Information (see Instructions)   |                       |   |
| . 1 Check method of accounting: a Cash Yes No 7 Was the corporation a U.S. shareho  | older of any contro   | led Yes No                              |
| b X Accrual c Other (specify) foreign corporation? (See Sections  | 951 and 957.)         | X                                       |
| 2 See the instructions and enter the:   | such corporation.     |   |
| ■ Business activity code no. ► 541990 Enter no. of Forms 5471 attached ▶  |                       |   |
| b Business activity ► MANAGEMENT  8 At any time during the 1999 calendary   | or war did the so     | -                                       |
| C Product or service ADVISURI SERVILES (SERVILES tion have an interest in or a signature  | re or other authori   | ity over 128943882                      |
| a financial account (such as a bank account, or other financial account)  | account, securitie    | ry? X                                   |
| directly or indirectly, 50% or more of the voting stock   |                       | 100000000000000000000000000000000000000 |
| of a domestic corporation? (For rules of attribution, see Section 267(c).)  |                       | 0-22.11                                 |
| 222 CW  |                       | 5                                       |
| if Yes, attach a schedule showing: (a) name and employer identification number (FIN). (b) percentage owned, and (c) from, or was it the grantor of, or tra  | ition receive a distr | ribution                                |
| identification number (EIN), (h) percentage owned, and (c) from, or was it the grantor of, or trait taxable income or (loss) before NOL and special deductions trust? If 'Yes,' the corporation may be a trust? If 'Yes,' the corporation may be a trust? | have to file Form     | 520 X                                   |
| of such corporation for the tax year ending with or within  | one foreign perso     | n l                                     |
| See Ques 3 Stmt own, directly or indirectly, at least 2   | 5% of: (a) the total  |   |
| 4 Is the corporation a subsidiary in an affiliated group voting power of all classes of stock entitled to vote, or (b) the total value  | of the corporation    |   |
| or a parent-subsidiary controlled group?  |                       | X                                       |
| If 'Yes,' enter name and EIN of the parent corporation If 'Yes,'  | •                     |   |
| a Enter percentage owned.   |                       |   |
| b Enter owner's country   |                       |   |
| 5 At the end of the tax year, did any Individual, part  | rm 5472. Enter nur    | mber of                                 |
| Indirectly, 50% or more of the corporation's voting   | ·                     |   |
| stock? (For rules of attribution, see Section 267(c).) [X] 11 Check this box if the corporation iss   | ued publicly offere   | d                                       |
| debt instruments with original issue  | discount              | - 🛭 🎆                                   |
| If Yes,' attach a schedule showing name and identifying number. (Do not include any information If checked, the corporation may have  | e to file Form 828    | 1.                                      |
| already entered in 4 above.)  | rest received or      |   |
| Enter % owned ► 75.00 See Ques 5 Stmt accrued during the tax year ► \$  |                       | 0.                                      |
| 6 During this tax year, did the corporation pay dividends 13 If there were 75 or fewer shareholder  | ers at the end of th  | ie .                                    |
| (other than stock dividends and distributions in tax year, enter the number ▶   |                       | 5                                       |
| exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See   | e tax year and is e   | lecting .                               |
| Sections 301 and 316.)  |                       |   |
| 15 Enter the qualitable NOI company or fr   |                       |   |
| If 'Yes,' file Form 5452. If this is a consolidated return, answer here for the parent corporation and on Form (Do not reduce it by any deduction of  | n line 29a.)          |   |
| 851, Affiliations Schedule, for each subsidiary.  |                       | 72                                      |

Form 1120, Page 4, Schedule L, Line 9 Ln 9 Stmt

| Ln 9 Stmt   | ·                      |                                       |
|---|------------------------|---------------------------------------|
| Other Investments:                                    | Beginning of tax year  | End of tax year                       |
| ADVEST<br>REFCO                                       | 7,586,548.<br>868,820. | 10,219,776.                           |
| PIONEER SAUL STONE                                    | 2,392,766.             | 221,946.<br>1,606,930.                |
| Total   | _ 10,848,134.          | 12,896,650.                           |
| Form 1120, Page 4, Schedule L, Line 14<br>Ln 14 Stmt  |                        |                                       |
| Other Assets:   | Beginning of tax year  | End of tax year                       |
| ENERGY MERCHANT LLC CAPITAL INVESTMENTS DEPOSITS      | 10,000,000.            | 10.146,377.<br>1.809,467.<br>95.000.  |
| Total   | 10,000,000.            | 12,050,844.                           |
| Form 1120, Page 4, Schedule L, Line 18<br>Ln 18 Stmt  |                        | · · · · · · · · · · · · · · · · · · · |
| Other Current Liabilities:                            | Beginning of tax year  | End of .<br>tax year                  |
| ACCRUED EXPENSES                                      | 1,778,825.             | 1,412,258.                            |
| DEFERRED GAINS & LOSSES                               | 0.                     | 644.811.                              |
| INCOME TAXES PAYABLE                                  | 200,000.               | 1,653,049.                            |
| Total   | 1,978,825.             | 3,710,118.                            |
| Form 1120, Page 4, Schedule L, Line 21<br>Ln 21 Strnt |                        |                                       |
| Other Liabilities:                                    | Beginning of tax year  | End of tax year                       |
| EML CAPITAL LOANS POC ACCRUED LIABILITIES             | 6,883,984.             | 7,781,684.<br>8,487,170.              |
|   | 0.                     | 0.                                    |
| DEFERRED TAXES -                                      | 2,800,000.             | .2,650,000.                           |
| Total   | 18,171,154.            | 18,918,854.                           |

C .

# **ENERGY MERCHANT LLC**

# FINANCIAL STATEMENTS

DECEMBER 31, 2001 AND 2000

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| Statements of Members' Capital | 5           |
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40 York Rd., Suite 300 Baltimore, Maryland 21204 410-828-CPAS FAX 410-828-9512 www.kawgf.com

#### INDEPENDENT AUDITORS' REPORT

Members
Energy Merchant LLC

We have audited the accompanying balance sheets of Energy Merchant LLC as of December 31, 2001 and 2000, and the related statements of operations, members' capital and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Energy Merchant LLC as of December 31, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

January 18, 2002 Baltimore, Maryland

Certified Public Accountants and Consultants

2001&2000.doc

# ENERGY MERCHANT LLC BALANCE SHEETS DECEMBER 31, 2001 AND 2000

# **ASSETS**

|  | <u> 2001</u>         | <u> 2000</u>        |
|--|----------------------|---------------------|
| CURRENT ASSETS                                 |                      |                     |
| Cash and cash equivalents                      | \$ 7,008,152         | \$ 2,806,950        |
| Accounts receivable                            | 6,783,255            | 5,967,914           |
| Marketable securities                          | 11,712,255           | 8,094,728           |
| Futures and future options contracts           | 1,169,299            | 6,394,060           |
| Open purchase and sale commitments             | 3,807,532            | 825,728             |
| Miscellaneous receivables and prepaid expenses | 32,803               | . ' 1,548,815       |
| Due from Energy Merchant Corp.                 | 334,663              | 284,666             |
| Inventory                                      | 40,148,066           | 48,952,963          |
| TOTAL CURRENT ASSETS                           | 70,996,025           | 74,875,824          |
| EIVED ACCETS                                   |                      |                     |
| FIXED ASSETS Office equipment                  | 64,318               | 33,034              |
|  | =                    | •                   |
| Less: Accumulated depreciation                 | (12,098)             | <u>(4,156</u> )     |
| FIXED ASSETS - NET                             | 52,220               | 28,878              |
|  |                      | ·                   |
| OTHER ASSETS                                   | •                    |                     |
| Software – net                                 | 167,996              | 146,853             |
| Note receivable                                | <u>10,000,000</u>    | 3,400,000           |
| TOTAL OTHER ASSETS                             | 10,167,996           | 3,546,853           |
| TOTAL ASSETS                                   | \$81,2 <u>16,241</u> | <u>\$78,451,555</u> |

# ENERGY MERCHANT LLC BALANCE SHEETS DECEMBER 31, 2001 AND 2000

# LIABILITIES AND MEMBERS' CAPITAL

| •  | <u>2001</u>         | <u>2000</u>         |
|--|---------------------|---------------------|
| CURRENT LIABILITIES                            | ,                   |                     |
| Line of credit                                 | \$33,800,000        | \$47,000,000        |
| Margin borrowings                              | 425,598             | 1,048,834           |
| Product sold under agreement to repurchase     | 18,202,474          | 8,835,750           |
| Accounts payable                               | 217,448             | 766,846             |
| Accrued expenses and other current liabilities | 4,293,124           | 1,256,795           |
| TOTAL CURRENT LIABILITIES                      | 56,938,644          | 58,908,225          |
|  |                     |                     |
| LONG-TERM LIABILITIES                          |                     |                     |
| Note payable                                   | 10,000,000          | 10,000,000          |
| TOTAL LIABILITIES                              | 66,938,644          | 68,908,225          |
|  |                     |                     |
|  |                     |                     |
| MEMBERS' CAPITAL                               | 14,277,597          | 9,543,330           |
|  |                     |                     |
| TOTAL LIABILITIES AND                          | •                   | ٠                   |
| MEMBERS' CAPITAL                               | <u>\$81,216,241</u> | <u>\$78,451,555</u> |

# ENERGY MERCHANT LLC STATEMENTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

|   | <u>2001</u>   | <u> 2000</u>          |
|---|---------------|-----------------------|
| PRODUCT SALES                             | \$175,885,923 | \$67,660,549          |
| COST OF SALES                             | 170,753,268   | 70,910,897            |
| GROSS INCOME (LOSS)                       | 5,132,655     | (3,250,348)           |
| OPERATING EXPENSES                        | 4,167,391     | <u>3,346,626</u>      |
| INCOME (LOSS) FROM OPERATIONS             | 965,264       | <u>(6,596,974</u> )   |
| OTHER INCOME (EXPENSES)                   |               |                       |
| Investment income                         | 792,512       | 772,296               |
| Interest expense and credit facility fees | (3,632,720)   | (2,374,631)           |
| Gain (loss) on marketable securities      | 9,211         | (754,221).            |
| Gain on note receivable                   | 6,600,000     | <u>-0</u> -           |
| TOTAL OTHER INCOME (EXPENSES)             | 3,769,003     | (2,356,556)           |
| NET INCOME (LOSS)                         | \$ 4,734,267  | <u>\$(8,953,530</u> ) |

# ENERGY MERCHANT LLC STATEMENTS OF MEMBERS' CAPITAL FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

|                              | <u>2001</u>         | 2000                |
|------------------------------|---------------------|---------------------|
| Members' capital - beginning | \$ 9,543,330        | \$10,146,377        |
| Capital contributions        | -0-                 | 8,350,483           |
| Net income (loss)            | 4,734,267           | (8,953,530)         |
| MEMBERS' CAPITAL - ENDING    | <u>\$14,277,597</u> | <u>\$ 9,543,330</u> |

- 5 -

# ENERGY MERCHANT LLC STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

|  | 2001              | 2000                 |
|--|-------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:        |                   |                      |
| Net income (loss)                            | \$ 4,734,267      | \$(8,953,530)        |
| Adjustments to reconcile net income (loss)   |                   |                      |
| to net cash provided by (used in) operating  |                   |                      |
| activities:                                  |                   |                      |
| (Gain) loss on marketable securities         | (9,211)           | 754,221              |
| Depreciation and amortization                | 87,955            | 12,640               |
| Gain on Stratus note receivable              | (6,600,000)       | <b>-0</b> - ·        |
| Changes in operating assets and liabilities: |                   |                      |
| (Increase) in accounts receivable            | (815,341)         | (5,747,447)          |
| (Increase) decrease in futures and           |                   |                      |
| futures options contracts                    | 5,224,761         | (6,394,060)          |
| (Increase) in open purchase and              |                   |                      |
| sale commitments                             | (2,981,804)       | (825,728)            |
| (Increase) decrease in miscellaneous         |                   |                      |
| receivables and prepaid expenses             | 1,516,012         | (1,544,339)          |
| (Increase) decrease in due from              |                   |                      |
| Energy Merchant Corp.                        | (49,997)          | 7,497,018            |
| (Increase) decrease in inventory             | 8,804,897         | (48,952,963)         |
| Increase (decrease) in accounts payable      | (549,398)         | 708,704              |
| Increase in accrued expenses and other       |                   |                      |
| current liabilities                          | 3,036,329         | 1,165,157            |
| 1  |                   |                      |
| Total Adjustments                            | 7,664,203         | (53,326,797)         |
|  | •                 |                      |
| Net Cash Provided by (Used in)               |                   |                      |
| Operating Activities                         | <u>12,398,470</u> | <u>(62,280,327</u> ) |
|  |                   |                      |
| CASH FLOWS FROM INVESTING ACTIVITIES:        |                   |                      |
| Purchases of fixed assets                    | (31,284)          | (28,055)             |
| Purchases of software                        | (101,156)         | (155,420)            |
| Purchase of marketable securities            | (21,833,290)      | (14,026,529)         |
| Proceeds from sale of marketable securities  | 18,224,974        | 13,767,225           |
| Max Cash Hand to be a street of the          | 10 740 750        |                      |
| Net Cash Used in Investing Activities        | (3,740,756)       | (442,779)            |

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# ENERGY MERCHANT LLC STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

|  | <u>2001</u>         | 2000                |
|--|---------------------|---------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES:      |                     |                     |
| Net activity in line of credit             | (13,200,000)        | 55,300,000          |
| Net activity on margin borrowings          | (623,236)           | 1,048,834           |
| Product sold under agreement to repurchase | 9,366,724           | 8,835,750           |
| Net Cash Provided by (Used in)             |                     |                     |
| Financing Activities                       | (4,456,512)         | 65,184,584          |
| NET INCREASE IN CASH AND                   |                     |                     |
| CASH EQUIVALENTS                           | 4,201,202           | 2,461,478           |
| CASH AND CASH EQUIVALENTS                  | .•                  |                     |
| AT THE BEGINNING OF THE YEAR               | 2,806,950           | 345,472             |
| CASH AND CASH EQUIVALENTS                  |                     |                     |
| AT THE END OF THE YEAR                     | <u>\$ 7.008,152</u> | <u>\$ 2,806,950</u> |

Supplemental schedule of non-cash investing and financing activities:

| Capital contribution made by transferring mark securities to Company | etable<br>\$ | -0- | \$8,350,483 |
|--|--------------|-----|-------------|
| Supplemental disclosures of cash flow information                    | ı:           |     |             |
| Interest paid  | 3,968,       | 365 | 1,457,337   |

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Nature of Operations

Energy Merchant LLC (the Company) is a limited liability company that was organized in May 1998 and began operations in December 1998. The limited liability company agreement provides for dissolution of the Company no later than January 1, 2023. The Company is 99% owned by Energy Merchant Holding, Inc.

The Company is engaged in providing price protection programs and the merchandising of petroleum products, predominantly heating oil, diesel fuel and gasoline. Sales to customers are made under contracts of various durations dependent on market conditions at the time the contracts are procured. Forward contracts may be priced either on a fixed or floating basis with the actual price based on market prices for the specific location, futures prices for the specific product with or without a differential, or an index price based on a combination of the above.

### Cash and Cash Equivalents

For purposes of financial statement presentation, the Company considers all highly liquid debt instruments with maturities of three months or less when acquired to be cash equivalents. Included in cash equivalents are margin deposits required by futures brokers.

### Accounts Receivable

Accounts receivable are deemed fully collectible by management. Therefore, no allowance for doubtful accounts has been recorded.

#### Marketable Securities

Marketable securities are classified as "available for sale" and accordingly, are recorded at fair value. Unrealized gains and losses are recorded directly to earnings. Since such unrealized gains and losses are not material, they have not been reflected as accumulated other comprehensive income.

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Futures and Futures Options Contracts

The Company uses futures contracts and futures options contracts in crude oil, heating oil and gasoline to hedge the effect of market fluctuations on its inventory and open purchase and sale commitments.

An important aspect of the Company's profitability relates to the successful management of the basis between physical and futures contracts for petroleum products. As a result, the Company uses futures contracts and options on futures contracts in crude oil, heating oil and gasoline to hedge the effect of market price fluctuations on its inventory and open purchase and sales commitments. These commitments arise as a result of the Company's different strategies to hedge its customers' exposure to adverse price movements in their respective markets. The hedges may be with respect to product held in tank or may anticipate the purchase of physical product that will be delivered in the future.

The Company accounts for its futures contracts as fair value hedges in accordance with Statement of Financial Accounting Standards (SFAS) 133, "Accounting for Derivative Instruments and Hedging Activities," and, as such, all futures contracts are recognized at fair value as either assets or liabilities in the balance sheet, and the gain or loss is recognized in earnings in the period of change, together with the offsetting loss or gain on the hedged item (that is, inventory and open commitments) attributable to the risk being hedged. The effect of that accounting is to reflect in earnings the extent to which the hedge is not effective in achieving offsetting changes in fair value. It is not practicable to determine the net gain or loss recognized in earnings during the year representing the amount of the hedges' ineffectiveness. The fair value is based upon the daily settlement price as quoted by the New York Mercantile Exchange (NYMEX).

### Open Purchase and Sale Commitments

Open purchase and sales commitments are reported at fair value. Fair value is determined based upon differences between the contracted purchase or sale price and the estimated market price of the product, as adjusted for delivery date.

### Inventory

Inventory consists of petroleum products and is stated at fair value, which is the low market price for the location of the inventory.

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Fixed Assets and Depreciation

Fixed assets are recorded at cost. Expenditures for repairs and maintenance are charged to expense as incurred. The cost of fixed assets is depreciated using the straight-line method over the estimated useful lives of the assets.

Depreciation expense for the years ended December 31, 2001 and 2000 amounted to \$7,942 and \$4,073, respectively.

### Software

Software is recorded at cost and is amortized using the straight-line method over its estimated useful life. Amortization expense for the years ended December 31, 2001 and 2000 amounted to \$80,013 and \$8,567, respectively.

#### Income Taxes

The Company is a limited liability company. As such, federal and most state tax liabilities flow through to the members. Several states require the payment of taxes based on income or other criteria.

### Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from the estimates that were used.

### Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

### **NOTE 2: MARKETABLE SECURITIES**

Cost and fair value of marketable securities are as follows at December 31, 2001:

|                             |              | Unrealized       | Fair                |
|-----------------------------|--------------|------------------|---------------------|
|                             | Cost         | Gains (Losses)   | <u>Value</u>        |
| U.S. Government Obligations | \$11,621,192 | \$ -0-           | \$11,621,192        |
| Corporate Bonds             | 91,799       | <u>(736</u> )    | 91,063              |
| Total                       | \$11,712,991 | <u>\$ (736</u> ) | <u>\$11,712,255</u> |

Cost and fair value of marketable securities were as follows at December 31, 2000:

|  | <u>Cost</u>                    | Unrealized<br>Gains (Losses) | Fair<br>Value           |
|--|--------------------------------|------------------------------|-------------------------|
| U.S. Government Obligations<br>Corporate Bonds | \$ 250,000<br><u>7,829,549</u> | \$ -0-<br><u>15,179</u>      | \$ 250,000<br>7,844,728 |
| Total  | \$8,079,549                    | <u>\$ 15,179</u>             | \$8,094,728             |

At December 31, investments in debt securities mature as follows:

| •              | <u>2001</u>  | 2000        |
|----------------|--------------|-------------|
| Within 1 year  | \$11,621,192 | \$ 250,000  |
| 1 - 5 years    | -0-          | -0-         |
| 5 - 10 years   | -0-          | 1,934,820   |
| After 10 years | 91,063       | 5,909,908   |
|                | \$11,712,255 | \$8,094,728 |
|                |              |             |

Realized gains and losses are determined on the basis of specific identification. Sales proceeds and gross realized gains and losses on securities classified as available for sale were:

|                       | 2001                | 2000              |
|-----------------------|---------------------|-------------------|
| Sales proceeds        | <u>\$18,224,974</u> | \$13,767,225      |
| Gross realized gains  | \$ 158,425          | <u>\$ -0</u> -    |
| Gross realized losses | <u>\$ 148.478</u>   | <u>\$ 769.400</u> |

### **NOTE 3: NOTE RECEIVABLE**

In October 1999, the Company purchased from Chase Manhattan Bank and ING (US) Capital LLC a note issued by Stratus Petroleum Corporation (Stratus). The note was purchased for \$3,400,000 and has a principal balance of \$26,586,527. The note is secured by Stratus' petroleum products terminals located in Newark, NJ and Baltimore, MD. These terminals have a combined shell capacity of approximately 2.4 million barrels.

On the basis of an offer received to acquire a significant but not controlling interest in the underlying assets of Stratus securing the note, Management believes that the amount collectible under the note is substantially in excess of the amount paid to acquire it in 1999, and has revalued the note to \$10,000,000 during the year ended December 31, 2001. Notwithstanding the closing of the contemplated sale, Management does not expect to collect any further amounts under the note before 2005. The amount calculated to be collectible under the note is based on a discount to this offer and a third party survey.

At the time the Company purchased the Stratus note, an affiliate of the Company purchased 50% of the common stock of Stratus. Under the terms of the stock purchase agreement, no principal or interest payments are due under the note for a period of six years from the date the Stratus note was purchased. Therefore the Company does not record any interest income from the note.

Additionally, the Company entered into a management agreement in October 1999, whereby the Company or a permitted designee shall be responsible for the duties and services relating to the conduct of Stratus' petroleum business, including, but not limited to, various administrative, management and marketing functions. The agreement runs through December 31, 2005, unless terminated earlier as outlined in the agreement. Under the terms of the agreement, there is a provision for a management fee to be paid to the Company based upon a formula outlined in the agreement. No management fee is due the Company at December 31, 2001 and 2000.

### NOTE 4: LINE OF CREDIT

The Company has a demand line of credit with a group of three banks. The maximum amount available under the line is \$60,000,000. Advances under the line bear interest at the prime rate plus 0.25%, are secured by all assets of the Company and are limited to the "borrowing base" (specified percentages of certain assets, as defined, less debt of the Company). Interest payments are due monthly. Outstanding borrowings under the line were \$33,800,000 and \$47,000,000 at December 31, 2001 and 2000, respectively. The line contains certain financial covenants, all of which have been satisfied by the Company at December 31, 2001 and 2000.

### NOTE 5: PRODUCT SOLD UNDER AGREEMENT TO REPURCHASE

The Company has entered into agreements whereby it sold petroleum product in November 2001 and December 2000 and agreed to repurchase such product in January 2002 and 2001, respectively. Such agreement has been accounted for as a secured financing arrangement and is reflected as a liability in the accompanying balance sheets. In addition, the Company has granted to the purchaser a security interest in a brokerage account. This brokerage account had a balance (cash and futures contracts combined) of \$3,735,515 and \$673,000 at December 31, 2001 and 2000, respectively. Interest expense on this agreement was approximately \$554,000 and \$80,000 for the years ended December 31, 2001 and 2000, respectively.

### **NOTE 6: NOTE PAYABLE**

In October 1999, the Company entered into an agreement and issued \$10,000,000 in a subordinated note to Power & Energy Capital Group, Inc., (Power & Energy), an unrelated corporation. This note payable matures in 10 years, requires quarterly interest payments - equal to the "net profit share", as defined in the agreement, and is secured by all assets of the Company. However, if at the maturity date of the note the Company's aggregate cumulative losses (without deducting any quarterly payments) exceed the amount contributed by Energy Merchant Corp., then the principal amount of the note shall be reduced by 25% of such loss in excess of Energy Merchant Corp.'s capital. In addition, a warrant to purchase a 50% interest in the Company was issued to Power & Energy. The exercise price of this warrant is equal to the lesser of (a) \$10,000,000 and (b) the aggregate amount of capital contributions made by Energy Merchant Corp. to the Company on or after the date hereof and prior to the exercise of this warrant, less the amount of any capital paid out by the Company to Energy Merchant Corp. The warrant may be exercised in part or full at any time prior to August 31, 2004. Upon exercise of the warrant, Power & Energy shall be deemed to have paid to the Company an amount of the full exercise price equal to the balance of the note payable then outstanding. Operating expenses include one quarterly "net profit share" payment of approximately \$140,000 in 2001. There was no "net profit share" payable at December 31, 2001 and 2000.

### **NOTE 7: CONCENTRATIONS**

The Company maintains cash and cash equivalents in accounts at several banks, brokerage houses and futures brokers. Amounts insured by Federal Deposit Insurance Corporation were \$191,200 and \$100,000 at December 31, 2001 and 2000, respectively.

### **NOTE 8: OTHER RELATED PARTY TRANSACTIONS**

The Company paid fees for thruput and storage to Stratus of approximately \$1,317,000 and \$299,000 for the years ended December 31, 2001 and 2000.

The Company has a receivable from Energy Merchant Corp. in the amount of \$334,663 and \$284,666 at December 31, 2001 and 2000, respectively. This receivable bears no interest and has no specific repayment terms. Energy Merchant Corp. is the sole owner of Energy Merchant Holding, Inc., which is the 99% owner of the Company.

The Company's office facilities are owned by a member of management. No rent is charged for the use of the facilities.

### NOTE 9: FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts reflected in the balance sheets for the Company's financial instruments approximate their fair values, except that it is not practicable to estimate fair value the note payable to Power & Energy Capital Group, Inc., due to the unique terms of the note as previously described.

### **NOTE 10: CONTINGENCIES**

The Company has guaranteed the payment of certain trade obligations with letters of credit, approximating \$1,260,400 and \$3,250,000 at December 31, 2001 and 2000, respectively, issued by its banks in favor of those vendors.

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### INDEPENDENT AUDITORS' REPORT

Members Energy Merchant, LLC

We have audited the accompanying balance sheets of Energy Merchant, LLC as of December 31, 2002 and 2001, and the related statements of operations, members' capital and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Energy Merchant, LLC as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 13 to the financial statements, the note receivable from Stratus Petroleum Corporation was overstated at December 31, 2002 and 2001. Accordingly, the 2002 and 2001 financial statements have been restated to correct the error.

January 17, 2003, except for Note 12, as to which the date is June 15, 2004 Baltimore, Maryland

# ENERGY MERCHANT, LLC BALANCE SHEETS DECEMBER 31, 2002 AND 2001

### **ASSETS**

|   | 2002  | <u>2001</u>  |
|---|---|--|
| CURRENT ASSETS  Cash and cash equivalents Accounts receivable Marketable securities Futures contracts Open purchase and sale commitments Miscellaneous receivables and prepaid expenses Due from affiliates Inventory | \$ 9,092,825<br>13,792,527<br>1,250,000<br>0<br>2,351,092<br>1,854,713<br>975,000<br>41,420,476 | \$ 7,008,152<br>6,783,255<br>11,712,255<br>1,169,299<br>3,807,532<br>32,803<br>334,663<br>40,148,066 |
| TOTAL CURRENT ASSETS  | 70,736,633  | 70,996,025   |
| FIXED ASSETS TOTAL FIXED ASSETS - NET   | 49,743  | 52,220   |
| OTHER ASSETS Software - net Note receivable   | 82,470<br><u>450,000</u>  | 167,996<br>3,400,000   |
| TOTAL OTHER ASSETS  | 532,470   | 3,567,996  |
| TOTAL ASSETS  | \$ <u>71,318,846</u>  | \$ <u>74,616,241</u>   |

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# LIABILITIES AND MEMBERS' CAPITAL

# **LIABILITIES**

|  | 2002                 | <u>2001</u>          |
|--|----------------------|----------------------|
| CURRENT LIABILITIES                            |                      |                      |
| Line of credit                                 | \$ 47,000,000        | \$ 33,800,000        |
| Margin borrowings                              | 0                    | 425,598              |
| Product sold under agreement to repurchase     | 0                    | 18,202,474           |
| Accounts payable                               | 321,565              | 217,448              |
| Accrued expenses and other current liabilities | 7,191,421            | 4,293,124            |
| Due to affiliates                              | 153,199              | 0                    |
| Futures contracts                              | 3,086,628            | 0                    |
| TOTAL CURRENT LIABILITIES                      | 57,752,813           | 56,938,644           |
| LONG-TERM LIABILITIES                          | ·                    |                      |
| Note payable                                   | <u> 10,000,000</u>   | <u> 10,000,000</u>   |
| TOTAL LIABILITIES                              | 67,752,813           | 66,938,644           |
|  |                      |                      |
| MEMBERS' CAPITAL                               | 3,566,033            | 7,677,597            |
| TOTAL LIABILITIES AND MEMBERS' CAPITAL         | \$ <u>71,318,846</u> | \$ <u>74,616,241</u> |

# ENERGY MERCHANT, LLC STATEMENTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

|  | <u>2002</u>            | <u>2001</u>            |
|--|------------------------|------------------------|
|  |                        | ·                      |
| PRODUCT SALES                                | \$ <u>307,788,631</u>  | \$ <u>175,885,923</u>  |
|  |                        |                        |
| COST OF SALES                                | 304,081,166            | 170,753,268            |
| GROSS PROFIT                                 | 3,707,465              | 5,132,655              |
|  |                        |                        |
| OPERATING EXPENSES                           | 4,498,959              | 4,167,391              |
| INCOME (LOSS) FROM OPERATIONS                | (791,494)              | 965,264                |
|  |                        |                        |
| OTHER EXPENSES                               |                        |                        |
| Interest income                              | 417,076                | 792,512                |
| Interest expense                             | (3,690,086)            | (3,632,720)            |
| Gain (loss) on sale of marketable securities | <u>(47,060)</u>        | 9,211                  |
| TOTAL OTHER EXPENSES                         | (3,320,070)            | (2,830,997)            |
|  |                        |                        |
| NET LOSS                                     | \$ <u>(4,111,564</u> ) | \$ <u>(1,865,733</u> ) |

# ENERGY MERCHANT, LLC STATEMENTS OF MEMBERS' CAPITAL FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

| •                            | 2002                | <u>2001</u>         |
|------------------------------|---------------------|---------------------|
| Members' capital - beginning | \$ 7,677,597        | \$ 9,543,330        |
| Net loss .                   | (4,111,564)         | (1,865,733)         |
| MEMBERS' CAPITAL - ENDING    | \$ <u>3,566,033</u> | \$ <u>7,677,597</u> |

# ENERGY MERCHANT, LLC STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

|   | 2002           | <u>2001</u>                             |
|---|----------------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES                      |                |   |
| Net loss  | \$ (4,111,564) | \$ (1,865,733)                          |
| Adjustments to reconcile net loss to net cash provided by | , , , , ,      | , ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, |
| (used in) operating activities:                           | -              |   |
| (Gain) loss on sale of marketable securities              | 47,060         | (9,211)                                 |
| Depreciation and amortization                             | 99,561         | 87,955                                  |
| Changes in operating assets and liabilities:              | •              | ·                                       |
| Accounts receivable                                       | (7,009,272)    | (815,341)                               |
| Futures contracts   | 4,255,927      | 5,224,761                               |
| Open purchase and sale commitments                        | 1,456,440      | (2,981,804)                             |
| Miscellaneous receivables and prepaid expenses            | (1,821,910)    | 1,516,012                               |
| Due from affiliates                                       | (640,337)      | (49,997)                                |
| Inventory   | (1,272,410)    | 8,804,897                               |
| Accounts payable  | 104,117        | (549,398)                               |
| Accrued expenses and other current liabilities            | 2,898,297      | 3,036,329                               |
| Due to affiliates   | 153,199        | 0                                       |
| Net Cash Provided by (Used in) Operating Activities       | (5,840,892)    | <u>12,398,470</u>                       |
| CASH FLOWS FROM INVESTING ACTIVITIES                      |                |   |
| Purchases of fixed assets                                 | (11,558)       | (31,284)                                |
| Purchases of software                                     | 0              | (101,156)                               |
| Purchase of marketable securities                         | (21,265,836)   | (21,833,290)                            |
| Proceeds from sale of marketable securities               | 31,681,031     | 18,224,974                              |
| Payments received on note receivable                      | 2,950,000      | 0                                       |
| Net Cash Provided by (Used in) Investing Activities       | 13,353,637     | _(3,740,756)                            |
|   |                |   |
| CASH FLOWS FROM FINANCING ACTIVITIES                      |                |   |
| Net activity in line of credit                            | 13,200,000     | (13,200,000)                            |
| Net activity on margin borrowings                         | (425,598)      | (623,236)                               |
| Product sold under agreement to repurchase                | (18,202,474)   | 9,366,724                               |
| Net Cash Used in Financing Activities                     | (5,428,072)    | <u>(4,456,512</u> )                     |

# ENERGY MERCHANT, LLC STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

|  | 2002                | <u>2001</u>  |
|--|---------------------|--------------|
| NET INCREASE IN CASH                                   | 2,084,673           | 4,201,202    |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 7,008,152           | 2,806,950    |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR       | \$ <u>9,092,825</u> | \$7.008,152  |
| Supplemental Disclosures of Cash Flow Information:     |                     | •            |
| Interest paid  | \$ 3,769,441        | \$ 3,968,365 |

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Nature of operations

Energy Merchant, LLC (the Company) is a limited liability company that was organized in May 1998 and began operations in December 1998. The limited liability company agreement provides for dissolution of the Company no later than January 1, 2023. The Company is 99% owned by Energy Merchant Holding, Inc.

The Company is engaged in providing price protection programs and the merchandising of petroleum products, predominantly heating oil, diesel fuel and gasoline. Sales to customers are made under contracts of various durations dependent on market conditions at the time the contracts are procured. Forward contracts may be priced either on a fixed or floating basis with the actual price based on market prices for the specific location, futures prices for the specific product with or without a differential, or index price based on a combination of the above.

### Cash and cash equivalents

For purposes of financial statement presentation, the Company considers all highly liquid debt instruments with maturities of three months or less when acquired to be cash equivalents. Included in cash equivalents are margin deposits required by futures brokers.

### Accounts receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

### Marketable securities

Marketable securities are classified as "available for sale securities" and, accordingly, are carried in the financial statements at fair value. Unrealized gains and losses are recorded directly to earnings. Since such unrealized gains and losses are not material, they have not been reflected as accumulated other comprehensive income.

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Futures contracts

The Company uses futures contracts in crude oil, heating oil and gasoline to hedge the effect of market fluctuations on its inventory and its open, fixed price purchase and sale commitments.

An important aspect of the Company's profitability relates to the successful management of the basis between physical and futures contracts for petroleum products. As a result, the Company uses futures contracts in crude oil, heating oil and gasoline to hedge the effect of market price fluctuations on its inventory and open, fixed price purchase and sales commitments. These commitments arise as a result of the Company's different strategies to hedge its customers' exposure to adverse price movements in their respective markets. The hedges may be with respect to product held in tank or may anticipate the purchase of physical product that will be delivered in the future.

The Company accounts for its futures contracts as fair value hedges in accordance with Statement of Financial Accounting Standards (SFAS) 133, "Accounting for Derivative Instruments and Hedging Activities," and, as such, all futures contracts are recognized at fair value as either assets or liabilities in the balance sheet, and the gain or loss is recognized in earnings in the period of change, together with the offsetting loss or gain on the hedged item (that is, inventory and open commitments) attributable to the risk being hedged. The effect of that accounting is to reflect in earnings the extent to which the hedge is not effective in achieving offsetting changes in fair value. The net gain recognized in earnings during 2002 representing the amount of hedge ineffectiveness is \$1,716,000, and is included in cost of sales in the statement of operations. The fair value is based upon the daily settlement price as quoted by the New York Mercantile Exchange (NYMEX).

### Open purchase and sale commitments

Open purchase and sales commitments (both fixed and variable price) are reported at fair value. Fair value is determined based upon differences between the contracted purchase or sale price and the estimated market price of the product, as adjusted for delivery date and freight, thruput and other costs associated with delivery of the product.

As indicated above, the Company uses futures contracts to hedge its open, fixed price purchase and sales commitments.

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company also has open, variable price sales commitments. Since these commitments are not fixed price, they are not hedged with futures contracts. However, the Company has elected to apply SFAS 133 Implementation Issue C12, "Scope Exceptions: Interpreting the Normal Purchase and Sales Exception as an Election", and thus is accounting for these commitments as derivatives, even though it is probable that the commitments will result in physical delivery. As a result, in accordance with SFAS 133, these commitments are recorded at fair value in the balance sheet and the gain or loss is recognized in earnings. The fair value of open, variable price sales commitments at December 31, 2002 and 2001 was approximately \$2,740,000 and \$737,000, respectively.

### Inventory

Inventory consists of petroleum products and is stated at fair value, which is the low market price for the location of the inventory.

### Fixed assets and depreciation

Fixed assets are recorded at cost. Expenditures for repairs and maintenance are charged to expense as incurred. The cost of fixed assets is depreciated using the straight-line method over their estimated useful lives.

#### Software

Software is recorded at cost and is amortized using the straight-line method over its estimated useful life. Amortization expense for the years ended December 31, 2002 and 2001 amounted to \$85,524 and \$80,013, respectively.

### income taxes

The Company is a limited liability company. As a result, federal and most state tax liabilities flow through to the members. Several states require the payment of taxes based on income or other criteria.

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Use of estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from the estimates that were used.

### **NOTE 2: MARKETABLE SECURITIES**

Cost and fair value of marketable securities are as follows at December 31, 2002:

|                             | Cost                | Unrealized<br><u>Gains</u> | Fair Value          |
|-----------------------------|---------------------|----------------------------|---------------------|
| U.S. Government obligations | \$ <u>1,250,000</u> | \$0                        | \$1,250,000         |
| Total                       | \$ <u>1,250,000</u> | \$0                        | \$ <u>1,250,000</u> |

Cost and fair value of marketable securities were as follows at December 31, 2001:

|  | Cost                           | Unrealized<br><u>Losses</u> | Fair Value                     |  |
|--|--------------------------------|-----------------------------|--------------------------------|--|
| U.S. Government obligations<br>Corporate bonds | \$ 11,621,192<br><u>91,799</u> | \$ 0<br>(736)               | \$ 11,621,192<br><u>91,063</u> |  |
| Total  | \$ <u>11,712,991</u>           | \$(736)                     | \$ <u>11,712,255</u>           |  |

At December 31, investments in debt securities mature as follows:

|                |   | 2002            | <u>2001</u>          |
|----------------|---|-----------------|----------------------|
| Within 1 year  |   | \$<br>1,250,000 | \$ 11,621,192        |
| 1 - 5 years    |   | U               | U                    |
| 5 - 10 years   |   | 0               | 0                    |
| After 10 years |   | <br>0           | 91,063               |
| Total          | , | \$<br>1,250,000 | \$ <u>11,712,255</u> |

### NOTE 2: MARKETABLE SECURITIES (Continued)

Realized gains and losses are determined on the basis of specific identification. Sales proceeds and gross realized gains and losses on securities available for sale were:

|                       | 2002                 | 2001                 |
|-----------------------|----------------------|----------------------|
| Sales proceeds        | \$ <u>31,681,031</u> | \$ <u>18,224,974</u> |
| Gross realized gains  | \$ <u>52,144</u>     | \$ <u>158,425</u>    |
| Gross realized losses | \$ <u>99,939</u>     | \$ <u>148,478</u>    |

### NOTE 3: NOTE RECEIVABLE

In October 1999, the Company purchased from Chase Manhattan Bank and ING (US) Capital, LLC a note issued by Stratus Petroleum Corporation (Stratus). The note was purchased for \$3,400,000 and had a principal balance of \$26,586,527. During 2002, a principal payment of \$2,950,000 was made reducing the balance to \$23,636,527. The note is secured by Stratus' ownership interests in petroleum products terminals located in Newark, NJ and Baltimore, MD.

At the time the Company purchased the Stratus note, an affiliate of the Company purchased 50% of the common stock of Stratus. Under the terms of the stock purchase agreement, no principal or interest payments are due under the note for a period of six years from the date the Stratus note was purchased. Therefore the Company does not record any interest income from the note.

### **NOTE 4: FIXED ASSETS**

The following is a breakdown of fixed assets at December 31, 2002 and 2001:

|                                | 2002             | <u>2001</u>      |
|--------------------------------|------------------|------------------|
| Office equipment               | \$ 75,876        | \$ 64,318        |
| Less: accumulated depreciation | (26,133)         | (12,098)         |
| TOTAL FIXED ASSETS - NET       | \$ <u>49,743</u> | \$ <u>52,220</u> |

Depreciation expense for the years ended December 31, 2002 and 2001, amounted to \$14,035 and \$7,941, respectively.

### NOTE 5: LINE OF CREDIT

The Company has a demand line of credit with a group of three banks. The maximum amount available under the line is \$65,000,000. Advances under the line bear interest at the prime rate plus 0.25%, are secured by all assets of the Company and are limited to the "borrowing base" (specified percentages of certain assets, as defined, less debt of the Company). Interest payments are due monthly. Outstanding borrowings under the line were \$47,000,000 and \$33,800,000 at December 31, 2002 and 2001, respectively. The line contains certain financial covenants, all of which have been satisfied by the Company at December 31, 2002 and 2001.

### NOTE 6: PRODUCT SOLD UNDER AGREEMENT TO REPURCHASE

The Company entered into agreements whereby it sold petroleum product and agreed to repurchase such product in a subsequent month. Such agreements were accounted for as a secured financing arrangement and are reflected as a liability in the accompanying December 31, 2001 balance sheet. In addition, the Company granted to the purchaser a security interest in a brokerage account. This brokerage account had a balance (cash and futures contracts combined) of \$3,735,515 at December 31, 2001. Interest expense on these agreements was approximately \$401,000 and \$554,000 for the years ended December 31, 2002 and 2001, respectively.

### **NOTE 7:** NOTE PAYABLE

In October 1999, the Company entered into an agreement and issued \$10,000,000 in a subordinated note to Power & Energy Capital Group, Inc., (Power & Energy), an unrelated corporation. This note payable matures in 10 years and is secured by all assets of the Company. Through March 31, 2002, the note required quarterly interest payments equal to the "net profit share" as defined in the agreement. Effective April 1, 2002, the note bears interest at 5% per annum and is payable in monthly installments beginning January 1, 2004. The interest accruing from April 1, 2002 through November 30, 2003 is payable on December 31, 2003. In addition, a warrant to purchase a 49% interest in the Company was issued to Power & Energy. The exercise price of this warrant is equal to \$10,000,000. The warrant may be exercised in part or full at any time prior to August 31, 2004. Upon exercise of the warrant, Power & Energy shall be deemed to have paid to the Company an amount of the full exercise price equal to the balance of the note payable then outstanding. Operating expenses include one quarterly "net profit share" payment of approximately \$128,000 and \$140,000 for the years ended December 31, 2002 and 2001, respectively.

### NOTE 8: SIGNIFICANT CONCENTRATIONS

The Company maintains cash and cash equivalents in accounts at several banks, brokerage houses and futures brokers. Amounts insured by Federal Deposit Insurance Corporation were \$100,000 and \$191,200 at December 31, 2002 and 2001, respectively.

The majority of the Company's customers operate in the fuel business. A significant portion of the accounts receivables are from these customers. The Company does not obtain security from its customers in support of accounts receivable. However, the Company has credit insurance covering virtually all of its accounts receivable.

### **NOTE 9: RELATED PARTY TRANSACTIONS**

The Company paid fees for thruput and storage to Stratus of approximately \$1,586,000 and \$1,317,000 for the years ended December 31, 2002 and 2001, respectively.

The Company has a receivable from Stratus in the amount of \$975,000. This receivable bears no interest and has no specific repayment terms.

The Company has a payable to Energy Merchant Corp. in the amount of \$153,199 at December 31, 2002. The Company had a receivable from Energy Merchant Corp. in the amount of \$334,663 at December 31, 2001. These related party loans bear no interest and have no specific repayment terms. Energy Merchant Corp. is the sole owner of Energy Merchant Holding, Inc., which is the 99% owner of the Company.

The Company's office facilities are owned by a member of management. No rent is charged for the use of the facilities.

### NOTE 10: FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts reflected in the balance sheets for the Company's financial instruments approximate their fair values, except as follows:

- It is not practicable to estimate fair value for the note payable to Power & Energy Capital Group, Inc., due to the unique terms of the note as previously described.
- The fair value of the note receivable from Stratus Petroleum Corporation is estimated to be \$10,000,000 at December 31, 2002 and 2001. Fair value is based upon the present value of estimated cash flows using a discount rate commensurate with the risks involved.

### **NOTE 11: CONTINGENCIES**

The Company has guaranteed the payment of certain trade obligations with letters of credit, approximating \$750,000 at December 31, 2002, expiring March 31, 2003, issued by its banks in favor of those vendors.

# **NOTE 12: SUBSEQUENT EVENTS**

The following significant subsequent events have occurred:

- In 2003, the Company's demand line of credit balance with a group of three banks was called and the line of credit was terminated. In order to repay the balance due under the line (which was \$47,000,000 at December 31, 2002), the Company liquidated a substantial portion of its assets in 2003. The line of credit balance was repaid in full in December 2003.
- The Company's \$10,000,000 note payable to Power & Energy Capital Group, Inc. was repaid in full in June 2004.
- During 2003, a principal payment of \$2,220,733 was made on the note receivable from Stratus Petroleum Corporation, resulting in a gain of \$1,770,733 being recognized in 2003.

### **NOTE 13: RESTATEMENT**

The accompanying financial statements for 2002 and 2001 have been restated to correct an error in accounting for the note receivable from Stratus Petroleum Corporation. The note receivable had been stated at the amount estimated to be collectible by management which is in excess of cost. In order to conform with U. S. generally accepted accounting principles, the note receivable has been restated to its cost. The effect of the restatement was to decrease the note receivable by \$9,550,000 and \$6,600,000 at December 31, 2002 and 2001, respectively, to decrease members' capital by \$9,550,000 and \$6,600,000 at December 31, 2002 and 2001, respectively, and to decrease (increase) net income (loss) for the years ended December 31, 2002 and 2001 by \$2,950,000 and \$6,600,000, respectively.

ENERGY MERCHANT, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2003

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Members Energy Merchant, LLC

We have reviewed the accompanying balance sheet of Energy Merchant, LLC as of December 31, 2003, and the related statements of operations, members' capital and cash flows for the year then ended in accordance with Statements on Standards for Accounting and Review services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the company.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

June 15, 2004 Baltimore, Maryland

# ENERGY MERCHANT, LLC BALANCE SHEET DECEMBER 31, 2003

### ASSETS -

| CURRENT ASSETS                                 |                      |
|--|----------------------|
| Cash and cash equivalents                      | \$ 1,707,427         |
| Accounts receivable                            | 4,400,416            |
| Open purchase and sale commitments             | 51,809               |
| Miscellaneous receivables and prepaid expenses | 123,344              |
| Due from affiliates                            | 87,242               |
| Inventory                                      | 4,604,062            |
|  |                      |
| TOTAL CURRENT ASSETS                           | 10,974,300           |
|  | • • •                |
|  | •                    |
| FIXED ASSETS                                   |                      |
| TOTAL FIXED ASSETS - NET                       | 51,396               |
| 7017127100210 1121                             | 01,000               |
|  |                      |
| OTHER ACCETS                                   |                      |
| OTHER ASSETS                                   | F F12                |
| Software - net                                 | 5,512                |
|  | <b>**</b> 44 004 000 |
| TOTAL ASSETS                                   | \$ <u>11,031,208</u> |

### LIABILITIES AND MEMBERS' CAPITAL

# LIABILITIES

| CURRENT LIABILITIES                            |                      |
|--|----------------------|
| Accounts payable                               | \$ 487,707           |
| Accrued expenses and other current liabilities | 1,898,854            |
| Note payable                                   | 10,000,000           |
| Futures contracts                              | 105,294              |
| TOTAL CURRENT LIABILITIES                      | 12,491,855           |
|  |                      |
| MEMBERS' CAPITAL                               | (1,460,647)          |
| TOTAL LIABILITIES AND MEMBERS' CAPITAL         | \$ <u>11,031,208</u> |

### ENERGY MERCHANT, LLC STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2003

| PRODUCT SALES   | \$319,196,866             |
|---|---------------------------|
| COST OF SALES   | 321,470,392               |
| GROSS LOSS  | (2,273,526).              |
| • •   | •                         |
| OPERATING EXPENSES  | 3,977,919                 |
| LOSS FROM OPERATIONS  | (6,251,445)               |
| OTHER EXPENSES Interest income Interest expense Gain on note receivable | 28,158<br>(1,924,126)<br> |
| TOTAL OTHER EXPENSES  | (125,235)                 |
| NET LOSS  | \$ <u>(6,376,680</u> )    |

# ENERGY MERCHANT, LLC STATEMENT OF MEMBERS' CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2003

| Members' capital - beginning | \$ 3,566,033   |
|------------------------------|----------------|
| Net loss                     | (6,376,680)    |
| Capital contributions        | 1,350,000      |
| MEMBERS' CAPITAL - ENDING    | \$_(1,460,647) |

# ENERGY MERCHANT, LLC STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2003

| CASH FLOWS FROM OPERATING ACTIVITIES  |    |              |
|---|----|--------------|
| Net loss  | \$ | (6,376,680)  |
| Adjustments to reconcile net loss to net cash provided by operating activities: |    |              |
| Depreciation and amortization   |    | 95,779       |
| Gain on note receivable   |    | (1,770,733)  |
| Changes in operating assets and liabilities:                                    |    |              |
| Accounts receivable   |    | 9,392,111    |
| Futures contracts   |    | (2,981,334)  |
| Open purchase and sale commitments  |    | 2,299,283    |
| Miscellaneous receivables and prepaid expenses                                  |    | 1,731,369    |
| Due from affiliates   |    | 887,758      |
| Inventory   |    | 36,816,414   |
| Accounts payable  |    | 166,142      |
| Accrued expenses and other current liabilities                                  |    | (5,292,567)  |
| Due to affiliates   | _  | (153,199)    |
| Mad On als On added her On and for a Authorities                                |    | 04.044.040   |
| Net Cash Provided by Operating Activities                                       |    | 34,814,343   |
|   |    |              |
| CASH FLOWS FROM INVESTING ACTIVITIES  |    |              |
| Purchases of fixed assets   |    | (20,474)     |
| Proceeds from sale of marketable securities                                     |    | 1,250,000    |
| Payments received on note receivable  |    | 2,220,733    |
| ayments reserved on note receivable   | _  | 2,220,100    |
| Net Cash Provided by Investing Activities                                       |    | 3,450,259    |
| That such is followed by missing restricted                                     |    | <u> </u>     |
|   |    |              |
| CASH FLOWS FROM FINANCING ACTIVITIES  |    |              |
| Net activity in line of credit  | (  | (47,000,000) |
| Capital contributions   |    | 1,350,000    |
| ·   |    |              |
| Net Cash Used in Financing Activities   |    | (45,650,000) |
|   |    |              |
| NET DECREASE IN CASH  |    | (7,385,398)  |
|   |    |              |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE                               |    |              |
| YEAR  |    | 9,092,825    |
|   |    |              |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR                                | \$ | 1,707,427    |

See Accountants' Review Report
The Accompanying Notes are an Integral Part of the Financial Statements

# ENERGY MERCHANT, LLC STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2003

### Supplemental Disclosures of Cash Flow Information:

Interest paid

\$ 1,924,126

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### Nature of operations

Energy Merchant, LLC (the Company) is a limited liability company that was organized in May 1998 and began operations in December 1998. The limited liability company agreement provides for dissolution of the Company no later than January 1, 2023. The Company is 99% owned by Energy Merchant Holding, Inc.

The Company is engaged in providing price protection programs and the merchandising of petroleum products, predominantly heating oil, diesel fuel and gasoline. Sales to customers are made under contracts of various durations dependent on market conditions at the time the contracts are procured. Forward contracts may be priced either on a fixed or floating basis with the actual price based on market prices for the specific location, futures prices for the specific product with or without a differential, or index price based on a combination of the above.

### Cash and cash equivalents

For purposes of financial statement presentation, the Company considers all highly liquid debt instruments with maturities of three months or less when acquired to be cash equivalents. Included in cash equivalents are margin deposits required by futures brokers.

### Accounts receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Futures contracts

The Company uses futures contracts in crude oil, heating oil and gasoline to hedge the effect of market fluctuations on its inventory and its open, fixed price purchase and sale commitments.

An important aspect of the Company's profitability relates to the successful management of the basis between physical and futures contracts for petroleum products. As a result, the Company uses futures contracts in crude oil, heating oil and gasoline to hedge the effect of market price fluctuations on its inventory and open, fixed price purchase and sales commitments. These commitments arise as a result of the Company's different strategies to hedge its customers' exposure to adverse price movements in their respective markets. The hedges may be with respect to product held in tank or may anticipate the purchase of physical product that will be delivered in the future.

The Company accounts for its futures contracts as fair value hedges in accordance with Statement of Financial Accounting Standards (SFAS) 133, "Accounting for Derivative Instruments and Hedging Activities," and, as such, all futures contracts are recognized at fair value as either assets or liabilities in the balance sheet, and the gain or loss is recognized in earnings in the period of change, together with the offsetting loss or gain on the hedged item (that is, inventory and open commitments) attributable to the risk being hedged. The effect of that accounting is to reflect in earnings the extent to which the hedge is not effective in achieving offsetting changes in fair value. The net loss recognized in earnings during 2003 representing the amount of hedge ineffectiveness is \$3,288,000, and is included in cost of sales in the statement of operations. The fair value is based upon the daily settlement price as quoted by the New York Mercantile Exchange (NYMEX).

### Open purchase and sale commitments

Open purchase and sales commitments (both fixed and variable price) are reported at fair value. Fair value is determined based upon differences between the contracted purchase or sale price and the estimated market price of the product, as adjusted for delivery date and freight, thruput and other costs associated with delivery of the product.

As indicated above, the Company uses futures contracts to hedge its open, fixed price purchase and sales commitments.

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company also has open, variable price sales commitments. Since these commitments are not fixed price, they are not hedged with futures contracts. However, the Company has elected to apply SFAS 133 Implementation Issue C12, "Scope Exceptions: Interpreting the Normal Purchase and Sales Exception as an Election", and thus is accounting for these commitments as derivatives, even though it is probable that the commitments will result in physical delivery. As a result, in accordance with SFAS 133, these commitments are recorded at fair value in the balance sheet and the gain or loss is recognized in earnings. The fair value of open, variable price sales commitments at December 31, 2003 was approximately \$52,000.

#### Inventory

Inventory consists of petroleum products and is stated at fair value, which is the low market price for the location of the inventory.

### Fixed assets and depreciation

Fixed assets are recorded at cost. Expenditures for repairs and maintenance are charged to expense as incurred. The cost of fixed assets is depreciated using the straight-line method over their estimated useful lives.

#### Software

Software is recorded at cost and is amortized using the straight-line method over its estimated useful life. Amortization expense for the year ended December 31, 2003 amounted to \$76,956.

### Income taxes

The Company is a limited liability company. As a result, federal and most state tax liabilities flow through to the members. Several states require the payment of taxes based on income or other criteria.

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Use of estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from the estimates that were used.

### **NOTE 2:** GAIN ON NOTE RECEIVABLE

In October 1999, the Company purchased from Chase Manhattan Bank and ING (US) Capital, LLC a note issued by Stratus Petroleum Corporation (Stratus). The note was purchased for \$3,400,000 and had a principal balance of \$26,586,527. At December 31, 2002, the note was recorded at \$450,000, representing original cost of \$3,400,000 less 2002 repayment of \$2,950,000. During 2003, a principal payment of \$2,220,733 was made resulting in a gain of \$1,770,733. The note is secured by Stratus' ownership interests in petroleum products terminals located in Newark, NJ and Baltimore, MD.

At the time the Company purchased the Stratus note, an affiliate of the Company purchased 50% of the common stock of Stratus. Under the terms of the stock purchase agreement, no principal or interest payments are due under the note for a period of six years from the date the Stratus note was purchased. Therefore the Company does not record any interest income from the note.

Additionally, the Company entered into a management agreement in October 1999, whereby the Company or a permitted designee shall be responsible for the duties and services relating to the conduct of Stratus' petroleum business, including, but not limited to, various administrative, management and marketing functions. The agreement runs through December 31, 2005, unless terminated earlier as outlined in the agreement. Under the terms of the agreement, there is a provision for a management fee to be paid to the Company based upon a formula outlined in the agreement. No management fee is due the Company at December 31, 2003.

### NOTE 3: FIXED ASSETS

The following is a breakdown of fixed assets at December 31, 2003:

Office equipment

96,350

Less: accumulated depreciation

(44,954)

TOTAL FIXED ASSETS - NET

\$<u>51,396</u>

Depreciation expense for the year ended December 31, 2003 amounted to \$18,822.

### **NOTE 4:** NOTE PAYABLE

In October 1999, the Company entered into an agreement and issued \$10,000,000 in a subordinated note to Power & Energy Capital Group, Inc., (Power & Energy), an unrelated corporation. This note payable was to mature in 10 years and was secured by all assets of the Company. Through March 31, 2002, the note required quarterly interest payments equal to the "net profit share" as defined in the agreement. Effective April 1, 2002, the note bore interest at 5% per annum and was payable in monthly installments beginning January 1, 2004. The interest accruing from April 1, 2002 through November 30, 2003 was payable on December 31, 2003. In addition, a warrant to purchase a 49% interest in the Company was issued to Power & Energy. The exercise price of this warrant was equal to \$10,000,000. The warrant was exercisable in part or full at any time prior to August 31, 2004. Upon exercise of the warrant, Power & Energy would be deemed to have paid to the Company an amount of the full exercise price equal to the balance of the note payable then outstanding.

This agreement was amended by an allonge dated December 17, 2003. The allonge modified the maturity date to be no later than November 1, 2004 and added various covenants (including restrictions on business activities and use of cash proceeds) to the note agreement. The Company made payments on the note during 2004, paying it in full in June 2004. As a result of the repayment in full in June 2004, all rights and obligations under the warrant expired.

### **NOTE 5: OPERATING LEASES**

The Company leases various pieces of equipment under operating leases expiring through 2006.

### NOTE 5: OPERATING LEASES (Continued)

The minimum future rental payments required under non-cancelable operating leases having terms in excess of one year as of December 31, 2003 are as follows:

| 2004  | \$ 23,295       |
|-------|-----------------|
| 2005  | 16,451          |
| 2006  | 1,158           |
| Total | \$ 40.904       |
| 10(8) | <b>J</b> 40.804 |

Rent expense for the year ended December 31, 2003 was \$40,933.

### **NOTE 6: SIGNIFICANT CONCENTRATIONS**

The Company maintains cash and cash equivalents in accounts at several banks, brokerage houses and futures brokers. Amounts insured by Federal Deposit Insurance Corporation were approximately \$38,000 at December 31, 2003.

The majority of the Company's customers operate in the fuel business. A significant portion of the accounts receivables are from these customers. The Company does not obtain security from its customers in support of accounts receivable.

### **NOTE 7:** RELATED PARTY TRANSACTIONS

The Company paid fees for thruput and storage to Stratus of approximately \$720,000 for the year ended December 31, 2003. The Company has an accounts payable balance to Stratus in the amount of \$20,519 at December 31, 2003.

The Company has a receivable from Energy Merchant Corp. in the amount of \$87,242 at December 31, 2003. This related party loan bears no interest and has no specific repayment terms. Energy Merchant Corp. is the sole owner of Energy Merchant Holding, Inc., which is the 99% owner of the Company.

The Company's office facilities are owned by a member of management. No rent is charged for the use of the facilities.

### NOTE 8: FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts reflected in the balance sheet for the Company's financial instruments approximate their fair values, except that:

- It is not practicable to estimate fair value for the note payable to Power & Energy Group, Inc., due to the unique terms of the note as previously described.
- It is not practicable to estimate fair value for the note receivable from Stratus Petroleum
   Corp. since Stratus is a privately held company and fair value would be dependent upon a projection of future cash flows and/or appraisals of Stratus' assets.

### **NOTE 9: CONTINGENCIES**

The Company has guaranteed the payment of a trade obligation with a standby letter of credit of \$250,000 expiring March 31, 2004, issued by its banks in favor of those vendors. The letter of credit was cancelled in January 2004.

### **NOTE 10: GOING CONCERN**

In 2003, the Company's demand line of credit balance with a group of three banks was called and the line of credit was terminated. In order to repay the balance due under the line (which was \$47,000,000 at December 31, 2002), the Company liquidated a substantial portion of its assets in 2003. The line of credit balance was repaid in full in December 2003. Furthermore, as described in Note 4, the Company's \$10,000,000 note payable to Power & Energy Capital Group, Inc. was repaid in full in June 2004. Due to the cash needed to repay its lenders, the Company's business activities have been significantly limited since late 2003 and sales have declined substantially since then. The Company is currently developing a business plan whereby its focus would shift from merchandising of petroleum products through price protection programs to the development of a fuel switching business and the monetization of the Company's pipeline capacity through buy-sell agreements with customers who wish to ship petroleum products through pipelines in which the Company has allocations. The ability of the Company to continue as a going concern is dependent upon the implementation and success of this plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

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Members Energy Merchant, LLC

We have reviewed the accompanying balance sheet of Energy Merchant, LLC as of December 31, 2004, and the related statements of operations, members' capital and cash flows for the year then ended in accordance with Statements on Standards for Accounting and Review services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the company.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

May 18, 2005 Timonium, Maryland

### ENERGY MERCHANT, LLC BALANCE SHEET DECEMBER 31, 2004

## **ASSETS**

| CURRENT ASSETS           |                     |
|--------------------------|---------------------|
| Cash                     | \$ 330,433          |
| Prepaid expenses         | 93,491              |
| Due from affiliates      | 1,083,752           |
|                          |                     |
| `TOTAL CURRENT ASSETS    | 1,507,676           |
|                          |                     |
|                          |                     |
| FIXED ASSETS             |                     |
| TOTAL FIXED ASSETS - NET | <u>32,210</u>       |
| •                        | •                   |
| TOTAL ASSETS             | \$ <u>1,539,886</u> |

### LIABILITIES AND MEMBERS' CAPITAL

## LIABILITIES

| CURRENT LIABILITIES  Accounts payable  Accrued expenses and other current liabilities | \$ 298,048<br>85,127 |
|---|----------------------|
| TOTAL CURRENT LIABILITIES   | 383,175              |
|   |                      |
| MEMBERS' CAPITAL  | 1,156,711            |
| TOTAL LIABILITIES AND MEMBERS' CAPITAL  | \$ <u>1,539,886</u>  |

### ENERGY MERCHANT, LLC STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2004

| PRODUCT SALES   | \$ 6,235,829          |
|---|-----------------------|
| COST OF SALES   | 5,895,705             |
| GROSS PROFIT  | 340,124               |
| OPERATING EXPENSES  | 2,563,021             |
| LOSS FROM OPERATIONS  | (2,222,897)           |
| OTHER INCOME Interest income Interest expense Gain on note receivable | 6,252<br>(83,997)<br> |
| TOTAL OTHER INCOME  | 4,840,255             |
| NET INCOME  | \$ <u>2,617,358</u>   |

### ENERGY MERCHANT, LLC STATEMENT OF MEMBERS' CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2004

| Members' capital - beginning | \$ (1,460,647)      |
|------------------------------|---------------------|
| Net income                   | 2,617,358           |
| MEMBERS' CAPITAL - ENDING    | \$ <u>1,156,711</u> |

# ENERGY MERCHANT, LLC STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2004

| CASH FLOWS FROM OPERATING ACTIVITIES                                  |            |              |
|---|------------|--------------|
| Net income  | \$         | 2,617,358    |
| Adjustments to reconcile net income to net cash provided by operating |            |              |
| activities:   |            |              |
| Depreciation and amortization   | •          | 24,698       |
| Changes in operating assets and liabilities:                          |            |              |
| Accounts receivable   |            | 4,400,416    |
| Futures contracts   |            | (105,294)    |
| Open purchase and sale commitments                                    |            | 51,809       |
| Prepaid expenses  |            | 29,853       |
| Due from affiliates   |            | (996,510)    |
| Inventory   |            | 4,604,062    |
| Accounts payable  |            | (189,659)    |
| Accrued expenses and other current liabilities                        | -          | (1,813,727)  |
| Net Cash Provided by Operating Activities                             |            | 8,623,006    |
| CASH FLOWS FROM FINANCING ACTIVITIES Principal payments on debt       | <i>لــ</i> | (10,000,000) |
| Net Cash Used in Financing Activities                                 | _4         | 10,000,000)  |
| NET DECREASE IN CASH  | •          | (1,376,994)  |
| CASH AT THE BEGINNING OF THE YEAR                                     |            | 1,707,427    |
| CASH AT THE END OF THE YEAR   | \$         | 330,433      |
| Supplemental Disclosures of Cash Flow Information:                    |            |              |
| Interest paid   | \$         | 83,997       |

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### Nature of operations

Energy Merchant, LLC (the Company) is a limited liability company that was organized in May 1998 and began operations in December 1998. The limited liability company agreement provides for dissolution of the Company no later than January 1, 2023. The Company is 99% owned by Energy Merchant Holding, Inc.

The Company is engaged in providing price protection programs and the merchandising of petroleum products, predominantly heating oil, diesel fuel and gasoline. Sales to customers are made under contracts of various durations dependent on market conditions at the time the contracts are procured. Forward contracts may be priced either on a fixed or floating basis with the actual price based on market prices for the specific location, futures prices for the specific product with or without a differential, or index price based on a combination of the above.

The Company also maintains a consulting agreement with one of its customers to execute similar sales programs on the customer's behalf. The Company receives half of the net profit of any such sales as compensation for this arrangement. This contract runs through September of 2007, with an exit clause which allows either party to terminate the agreement on the anniversary of the contract in September with ninety days notice.

### Futures contracts

During the year ended December 31, 2004, the Company used futures contracts in crude oil, heating oil and gasoline to hedge the effect of market fluctuations on its inventory and its open, fixed price purchase and sale commitments. There were no futures contracts at December 31, 2004.

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company accounted for its futures contracts as fair value hedges in accordance with Statement of Financial Accounting Standards (SFAS) 133, "Accounting for Derivative Instruments and Hedging Activities," and, as such, all futures contracts were recognized at fair value as either assets or liabilities on the balance sheet, and the gain or loss was recognized in earnings in the period of change, together with the offsetting loss or gain on the hedged item (that is, inventory and open commitments) attributable to the risk being hedged. The effect of that accounting was to reflect in earnings the extent to which the hedge was not effective in achieving offsetting changes in fair value. The net loss recognized in earnings during 2004 representing the amount of hedge ineffectiveness is \$12,000, and is included in cost of sales in the statement of operations. The fair value was based upon the daily settlement price as quoted by the New York Mercantile Exchange (NYMEX).

### Fixed assets and depreciation

Fixed assets are recorded at cost. Expenditures for repairs and maintenance are charged to expense as incurred. The cost of fixed assets is depreciated using the straight-line method over their estimated useful lives.

### Software

Software is recorded at cost and is amortized using the straight-line method over its estimated useful life. Amortization expense for the year ended December 31, 2004 amounted to \$5,512. Software is fully amortized at December 31, 2004.

### Income taxes

The Company is a limited liability company. As a result, federal and most state tax liabilities flow through to the members. Several states require the payment of taxes based on income or other criteria.

### Use of estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from the estimates that were used.

### NOTE 2: GAIN ON NOTE RECEIVABLE

In October 1999, the Company purchased from Chase Manhattan Bank and ING (US) Capital, LLC a note issued by Stratus Petroleum Corporation (Stratus). The note was purchased for \$3,400,000 and had a principal balance of \$26,586,527. At December 31, 2003, the note was recorded at \$0, representing original cost of \$3,400,000 less repayments of \$5,170,733, resulting in prior year gains of \$1,770,733. During 2004, \$4,918,000 was received on the note, of which the entire amount was a gain on the note receivable. The note is secured by Stratus' ownership interests in a petroleum products terminal located in Newark, NJ.

At the time the Company purchased the Stratus note, an affiliate of the Company purchased . 50% of the common stock of Stratus. Under the terms of the stock purchase agreement, no principal or interest payments are due under the note for a period of six years from the date the Stratus note was purchased. Therefore the Company does not record any interest income from the note.

In February 2005, Stratus sold its remaining interest in its terminals for approximately \$7,200,000. At that time, Stratus collected 50% of the total sales price and has a note to collect the balance in January 2006. Stratus paid the Company approximately \$3,600,000 on the note receivable in 2005.

### **NOTE 3: FIXED ASSETS**

The following is a summary of fixed assets at December 31, 2004:

| Office equipment               | \$ 90,30U        |
|--------------------------------|------------------|
| Less: accumulated depreciation | (64,140)         |
| TOTAL FIXED ASSETS - NET       | \$ <u>32,210</u> |

Depreciation expense for the year ended December 31, 2004 amounted to \$19,186.

### **NOTE 4: OPERATING LEASES**

The Company leases various pieces of equipment under operating leases expiring through 2006.

### NOTE 4: OPERATING LEASES (Continued)

The minimum future rental payments required under non-cancelable operating leases having terms in excess of one year as of December 31, 2004 are as follows:

| 2005<br>2006 |  | \$<br>_ | 16,451<br>1,158 |
|--------------|--|---------|-----------------|
| Total        |  | \$      | 17.609          |

Rent expense for the year ended December 31, 2004 was \$26,462.

### NOTE 5: SIGNIFICANT CONCENTRATIONS

The Company maintains cash balances which may exceed federally insured limits at times during the year. The Company does not believe that this results in any significant credit risk.

As indicated in Note 1, the Company entered into an agreement with an unrelated entity on September 8, 2004 to provide services consisting of product acquisition, sales, invoicing, pipeline scheduling and related services including hedging techniques and strategies. The agreement is for a minimum of three years and includes a non-compete clause involving the sale of products and performance of services with competing businesses. The agreement is subject to termination under certain conditions or upon written notice ninety days prior to the anniversary date. For approximately the last four months of 2004, virtually all of the sales of the Company were to this unrelated entity under the aforementioned agreement. In addition, the large majority of the Company's 2004 sales were to customers other than this entity and occurred during the first three months of 2004.

### **NOTE 6: RELATED PARTY TRANSACTIONS**

The Company paid fees for thruput and storage to Stratus of approximately \$43,120 for the year ended December 31, 2004. The Company has a receivable from Stratus in the amount of \$64,925 at December 31, 2004. This related party loan bears no interest and has no specific repayment terms. An affiliate of the Company owns 50% of the stock of Stratus.

The Company has a receivable from Energy Merchant Corp. in the amount of \$1,018,827 at December 31, 2004. This related party loan bears no interest and has no specific repayment terms. Energy Merchant Corp. is the sole owner of Energy Merchant Holding, Inc., which is the 99% owner of the Company.

### NOTE 6: RELATED PARTY TRANSACTIONS (Continued)

The Company's office facilities are owned by a member of management. No rent is charged for the use of the facilities.

### NOTE 7: FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts reflected in the balance sheet for the Company's financial instruments approximate their fair values, except that it is not practicable to estimate fair value for the note receivable from Stratus Petroleum Corp. since Stratus is a privately held company and fair value would be dependent upon a projection of future cash flows and/or appraisals of Stratus' assets.

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Exhibit D Detail of Trading Gains & Losses January- December 2000

| inc              | COME = ( )    | MC<br>Pioneer<br>70394 | MC<br>Pioneer<br>70394R | MC<br>Refco<br>30970 | MC<br>Refco LTD | MC<br>S. Stone<br>14705 | EMC -AB<br>S. Stone<br>14705 | EML<br>S. Stone<br>14705 | EML<br>Refco<br>30970 | EML<br>Fimat<br>P & L | Private<br>Put Prem<br>P & L | Total           |
|------------------|---------------|------------------------|-------------------------|----------------------|-----------------|-------------------------|------------------------------|--------------------------|-----------------------|-----------------------|------------------------------|-----------------|
| Prior '          | Yr Reversal - | (9,500.00)             |                         | (207,671.00)         |                 | (427,640.00)            |                              |                          |                       |                       |                              | (644,811.00)    |
|                  | Jan-00        | (856,077.24)           | 161,760.48              | 668,635.00           |                 | 653,389.17              |                              |                          |                       |                       |                              | 627,707.41      |
|                  | Feb-00        | 71,960.43              |                         | 1,190,105.00         |                 | 862,749.55              |                              |                          |                       |                       |                              | 2,124,814.98    |
|                  | Mar-00        | (2,937,850.17)         |                         | (4,095,898.00)       |                 | (50,684.95)             |                              |                          |                       | (62,491.00)           | (0.000,000.00)               | (13,146,924.12) |
|                  | Apr-00        | (2,757,698.73)         | -                       | (770,275.80)         |                 | 146,128.23              |                              |                          |                       | -                     | •                            | (3,381,846.30)  |
|                  | May-00        | (5,820,167.90)         | •                       | (26,012,288.60)      |                 | (770,283.27)            | ·                            |                          |                       | -                     | •                            | (32,602,739.77) |
|                  | Jun-00        | 1,125,329.91           |                         | 10,195,953.00        | 509,210.00      | (3,280.93)              | •                            | (17,586.00)              | (51,216.00)           | -                     | -                            | 11,758,409.98   |
| •                | Jul-00        | (501,741.62)           |                         | (3,826,313.80)       | (22,622.00)     | 1,195,893.52            |                              |                          |                       |                       |                              | (3,154,783.90)  |
|                  | Aug-00        | (125,785.12)           |                         | 1,496,560.00         | -               | (534,986.66)            |                              |                          |                       |                       | •                            | 835,788.22      |
|                  | Sep-00        | (340,473.11)           |                         | (2,008,732.80)       |                 | (4,469,332.82)          | 294,999.00                   |                          |                       |                       |                              | (6,523,539.73)  |
|                  | Oct-00        | 995,405.89             |                         | 946,590.00           |                 | (547,389.94)            | (592,837.38)                 |                          |                       | •                     |                              | 801,768.57      |
|                  | Nov-00        | (333,268.35)           |                         | 14,556.00            |                 | (932,872.89)            | (5,995,423.74)               |                          |                       |                       |                              | (7,247,008.98)  |
|                  | Dec-00 _      | 1,157,080.61           |                         | (907,636.00)         | 39,050.00       | 101,467.09              | 9,021,420.53                 |                          |                       |                       |                              | 9,411,382.23    |
| Sub total        |               | (10,332,785.40)        | 161,760.48              | (23,316,417.00)      | 525,638.00      | (4,776,843.90)          | 2,728,158.41                 | (17,586.00)              | (51,216.00)           | (62,491.00)           | (6,000,000.00)               | (41,141,782,41) |
| YTD Realized P&L | -             | (10,332,785.40)        | 161,760.48              | (23,316,417.00)      | 525,638.00      | (4,776,843.90)          | 2,728,158.41                 | (17,586.00)              | (51,216.00)           | (62,491.00)           | (e'000'000'00)               | (41,141,782,41) |

sum of two S. Stone accounts

(2,048,685.49)

 detail
 (10,281,568.40)
 (23,367,633.00)

 difference
 51,217.00
 (51,216.00)

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#### EMC CAPITAL CORP PIONEER ACCOUNT SUMMARY OF MONTHLY TRANSACTIONS JANUARY 1- DECEMBER 31, 2000

#### Exhibit D

| Pioneer    |                 |                |           |         |               |                         |                           |                 |                |                | _                           |                |                |                |                |               |
|------------|-----------------|----------------|-----------|---------|---------------|-------------------------|---------------------------|-----------------|----------------|----------------|-----------------------------|----------------|----------------|----------------|----------------|---------------|
| A/C #70394 |                 |                |           |         | (IN)/Out      |                         |                           |                 |                |                | <b>`</b> .                  |                |                |                |                |               |
|            |                 | (IN)/Out       | (inc)/Exp |         | Trans to/from | (Inc)/Exp               | (Inc)/Exp                 | (Inc)/Exp       | (DR) CR        | (Inc)/Exp      |                             |                |                |                |                |               |
|            | Opening         | *Wires         | Interest  |         | 70395 or      | Trensection             | Future/Options            | Net Option      | Account        |                | <ul> <li>Account</li> </ul> | Option         | Net            | change in      | Monthly        | YTD           |
| Month      | Вајалсе         | Margin         | Income    | T-Bills | 70394reg      | Fees                    | P&S                       | Premiums        | Balance        | Open Gains     | Value                       | Value          | Liquidity      | Liquidity      | P&L            | P&L           |
| Dec-99     |                 |                |           |         |               |                         |                           |                 |                |                |                             |                | 3,541,206.78   |                |                |               |
| Jan-00     | 3,531,706.78    | (3,753,652.80) |           |         | 161,760,48    | 26,265,68               | (724,661.92)              | (157,681.00)    | (916,262,78)   | 57,567.00      | (658,695.76)                | 99,000.00      | (759,695.78)   | (4,300,902.56) | 709,010.24     | 709,010 24    |
| Feb-00     | (916,282.78)    | (200,000.00)   |           |         |               | 46,360.00               | (301,279,32)              | 328,879.75      | (1,044,302,35) | (1,123,536.00) | (2,187,838,35)              | (668,000,00)   | (2,835,838.35) | (2,076,142.57) | 1,876,142.57   | 2,585,152.81  |
| Mar-00     | (1,044,302.35)  |                |           |         |               | 52,001.83               | (3,086,187,15)            | 96,336.35       | (3,982,151,52) | 608,220.00     | (3,373,931.52)              | (1,256,000.00) | (4,629,931.52) | (1,794,093.17) | 1,794,093.17   | 4,379,245 98  |
| 400-rqA    | (3,982,151.52)  | 1,500,000.00   |           |         |               | 22,303.19               | (2,316,709.92)            | (463,292.00)    | (5,239,850.25) | 2,605,520.00   | (2,834,330.25)              | (1,603,500.00) | (4,237,830.25) | 392,101.27     | 1,107,898.73   | 5,487,144.71  |
| May-0Ò     | (5,239,850.25)  | 3,000,000.00   |           |         |               | 67,060.94               | (5,674,478.84)            | (212,750.00)    | (8,080,018.15) | 6,271,534.00   | (1,788,484.15)              |                | (1,788,484.15) | 2,449,346.10   | 550,653.90     | 6,037,798 61  |
| Jun-00     | (8,060,018.15)  | (1,400,000.00) |           |         |               | 64,308.91               | 1,981,612.00              | (869,375.00)    | (8,283,472.24) | 2,998,399.60   | (5,285,072.64)              | (90,000,00)    | (5,375,072.64) | (3,586,588.49) | 2 186 588 49   | 8,224,387 10  |
| Jul-00     | (8,283,472.24)  | 1,500,000.00   |           |         |               | 115,485.78              | 317,922.60                | (935, 150 00)   | (7,285,213.86) | 6,064,882.00   | (1,220,331.86)              | 4,000.00       | (1,216,331.86) | 4,158,740.78   | (2,658,740.78) | 5,565,646.32  |
| OO-QuA     | (7,285,213.86)  |                |           |         |               | 95,322.88               | 685,892.00                | (907,000.00)    | (7,410,998.98) | 1,886,737.00   | (5,524,261.98)              | 336,000.00     | (5,188,261.98) | (3,971,930.12) | 3,971,930.12   | 9,537,576.44  |
| Sep-00     | (7,410,998.98)  | 5,500,000.00   |           |         |               | 68,817.89               | 1,098,259.00              | (1,505,550.00)  | (2,251,472.09) | 1,135,840.00   | (1,115,632.09)              | 125,000.00     | (990,632.09)   | 4,197,629,89   | 1,302,370.11   | 10,839,946.55 |
| Oct-00     | (2,251,472.09)  | 30,000.00      |           |         |               | 49,485.89               | 1,689,550.00              | (743,630.00)    | (1,226,066.20) | 783,282.00     | (442,784.20)                | 4,000.00       | (438,784.20)   | 551,847.89     | (521,847.89)   | 10,318,098 66 |
| Nov-00     | (1,226,066.20)  | (1,314,000.00) |           |         |               | 48,659.15               | 151,182.50                | (533,110.00)    | (2,873,334.55) | 339,289.00     | (2,534,085.55)              | -              | (2,534,085.55) | (2,095,281.35) | 781,281,35     | 11,099,380.01 |
| Dec-00     | _(2,873,334.55) | 550,000.00     |           |         |               | 87,865.01               | 901,307.60                | 167,908.00      | (1,166,253.94) | 193,998.00     | (972,255.94)                | 1,000.00       | (971,255.94)   | 1,562,809.61   | (1,012,809.61) | 10,086,570.40 |
| מזי מדי    |                 | 5,412,347.20   | •         |         | 161,760.48    | 101 <b>1510 16 1</b> 51 | 6/(6 <b>/278</b> /591/45) | (6,736,413,90), |                |                |                             |                |                |                |                |               |
|            |                 |                |           |         |               |                         |                           |                 |                |                |                             |                |                |                |                |               |

(5,279,591.45) (5,738,413.90) 743,936.95 (10,272,068.40) (9,500.00) (10,281,568.40)

prior year reversal 2000 P&L

### A/C #70394 REG

| Month  | Opening<br>Balance | (IN)/Out<br>*Wires<br>Margin | (Inc)/Exp<br>Interest<br>Income | T-Bills |              | (inc)/Exp<br>Transaction<br>Fees | (inc)/Exp<br>Future/Options<br>P&S | (Inc)/Exp<br>Net Option<br>Premiums | (DR) CR<br>Account<br>Balance | (inc)/Exp<br>Open Gains | Account<br>Value | Option<br>Value | Net<br>Liquidity | change in<br>Liquidity | P&L          | YTO<br><i>P&amp;</i> L |
|--------|--------------------|------------------------------|---------------------------------|---------|--------------|----------------------------------|------------------------------------|-------------------------------------|-------------------------------|-------------------------|------------------|-----------------|------------------|------------------------|--------------|------------------------|
| Jan-00 |                    |                              |                                 |         | (181,760.48) |                                  | 161,760.46                         |                                     |                               |                         | _                |                 | •                |                        | (161,760.48) | (161,760 48)           |
| Feb-00 | -                  |                              |                                 |         | • • •        |                                  | 101,100.                           |                                     |                               | •                       |                  |                 |                  | _                      | (101,700:40) | (161,760.48)           |
| Mar-00 | •                  |                              |                                 |         |              |                                  |                                    |                                     |                               |                         |                  |                 | -                |                        |              | (161,760,48)           |
|        | •                  |                              |                                 |         |              |                                  |                                    |                                     | •                             |                         | •                |                 | •                | •                      | •            | (101,760,46)           |
| Apr-00 | •                  |                              |                                 |         |              |                                  |                                    |                                     | •                             |                         | •                |                 |                  |                        |              |                        |
| May-00 | •                  |                              |                                 |         |              |                                  |                                    |                                     |                               | -                       | •                |                 |                  |                        |              |                        |
| Jun-00 | -                  |                              |                                 |         |              |                                  |                                    |                                     |                               |                         |                  |                 |                  |                        |              |                        |
| Jul-00 | -                  |                              |                                 |         |              |                                  |                                    |                                     |                               |                         |                  |                 |                  |                        |              | ,                      |
| Aug-00 |                    |                              |                                 |         |              | •                                |                                    |                                     | •                             |                         |                  |                 |                  |                        |              |                        |
| Sep-00 |                    |                              |                                 |         |              |                                  |                                    |                                     | -                             |                         | -                |                 |                  |                        |              |                        |
| Oct-00 |                    |                              |                                 |         |              |                                  |                                    |                                     | -                             |                         | -                |                 |                  |                        |              |                        |
| Nov-00 |                    |                              |                                 |         |              |                                  |                                    |                                     | -                             |                         |                  |                 |                  |                        |              |                        |
| Dec-00 |                    |                              |                                 |         |              |                                  |                                    |                                     |                               |                         |                  |                 |                  |                        |              |                        |
| YTO    |                    |                              |                                 |         | (161,760.48) | •                                | 161,760.48                         |                                     |                               |                         |                  |                 |                  |                        | •            |                        |

#### EMC CAPITAL CORP REFCO ACCOUNT SUMMARY OF MONTHLY TRANSACTIONS JANUARY 1 - DECEMBER 31, 2000

Exhibit D

| Refco  |                  | (Inc)/Exp    | (IN)/Out       | (Inc)/Exp    | (inc)/Exp      | ∉(N)/Out        | •               | (inc)/Exp      |                 |                |                 |                |                |               |
|--------|------------------|--------------|----------------|--------------|----------------|-----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|----------------|---------------|
|        | Op <b>e</b> ning | interest     | *Wires         | Transaction  | Future/Options | Net Option      | Account         | Open Equity    | Account         | Option         | Account         | change in      | Monthly        | YTD           |
| Month  | Balance          | Income       | Margin         | Fees         | P&S            | Premiums        | Balance         | Open Gains     | Value           | Value          | Value           | Liquidity      | P&L_           | P&L           |
|        |                  |              |                |              |                |                 |                 |                |                 |                | (640,327.35)    |                |                |               |
| Jan-00 | (847,998.35)     | (4,050.38)   | (1,975,000.00) | 42,032.00    | 551,353.00     | 75,250.00       | (2,158,413.71)  | 129,665.40     | (2,028,748,31)  | 2,000.00       | (2,026,748.31)  | (1,386,420.96) | (592,629.40)   | (592,629.40)  |
| Feb-00 | (2,158,413 71)   | (4,509.58)   | (200,000.00)   | 60,946.00    | 808,569.00     | 320,590.00      | (1,172,818.27)  | (1.370,740.00) | (2,543,558,27)  | (639,000.00)   | (3,182,558.27)  | (1,155,809,96) | 951,300 40     | 358,671.00    |
| Mar-00 | (1,172,818.27)   | (7,460.35)   |                | 85,452.00    | (3,899,600.00) | (281,750.00)    | (5,276,176.62)  | (333,450.00)   | (5,609,626,62)  | (444,000,00)   | (6,053,626.62)  | (2,871,068.35) | 2,863,608.00   | 3,222,279.00  |
| Apr-00 | (5,278,176.82)   | (12,801.45)  |                | 91,144.00    | (2,477,019.80) | 1,615,600.00    | (6,059,253.87)  | 370,264.80     | (5,688,989.07)  | (2,999,800.00) | (8,688,789.07)  | (2,635,162.45) | 2,622,361.00   | 5,844,640.00  |
| May-00 | (6,059,253.87)   | (26,650.87)  | 7,200,000.00   | 209,092.00   | (5,656,530.60) | (20,564,850.00) | (24,898,193.34) | 5,935,418,00   | (18,962,775,34) | 8,343,520.00   | (10,619,255.34) | (1,930,466.27) | 9,103,815.40   | 14,948,455 40 |
| Jun-00 | (24,898,193.34)  | (10,811.41)  | 4,909,210.00   | 154,112.00   | 9,945,815.00   | 44,810,00       | (9,855,057,75)  | 2,597,890 20   | (7,257,167.55)  | (1,609,800.00) | (8,866,967.55)  | 1,752,287.79   | 3,146,110.80   | 18,094,566.20 |
| Jul-00 | (9,855,057,75)   | (41,771.69)  | 3,977,378.00   | 185,216.00   | (1,346,469.80) | (2,865,060.00)  | (9,745,765.24)  | 6,156,717.00   | (3,589,048.24)  | 335,250.00     | (3,253,798,24)  | 5,613,169.31   | (1,677,583,00) | 18,417,003.20 |
| Aug-00 | (9,745,765.24)   | (30,407,49)  |                | 87,044.00    | 2,729,836,00   | (1,320,320.00)  | (8,279,612.73)  | 4,375,448.20   | (3,904,164.53)  | (2,800,500.00) | (6,704,664.53)  | (3,450,866.29) | 3,420,458.80   | 19,837,462 00 |
| Sep-00 | (8,279,612.73)   | (26, 113.89) | 4,300,000.00   | 110,552.00   | 1,234,050.20   | (3,353,335.00)  | (6,014,459.42)  | 2,485,325.00   | (3,549,134.42)  | 457,450.00     | (3,091,684.42)  | 3,612,980,11   | 660,906.00     | 20,498,368 00 |
| Oct-00 | (6,014,459.42)   | (13,855.54)  | 500,000.00     | 56,588.00    | 1,147,602.00   | (257,600.00)    | (4,581,724.96)  | 2,303,487.00   | (2,278,237.96)  | 7,000.00       | (2,271,237.96)  | 820,446,46     | (334,302.00)   | 20,164,066.00 |
| Nov-00 | (4,581,724.96)   | (15,069.94)  | 3,300,000.00   | 72,516.00    | 577,229.00     | (635, 189.00)   | (1,282,238.90)  | (1,446,500.00) | (2,728,738.90)  | 106,000.00     | (2,622,738.90)  | (351,500,94)   | 3,636,431 00   | 23,800,497.00 |
| Dec-00 | (1,282,238.90)   | (12,375.63)  | 2,039,050.00   | 53,088.00    | (769, 154.00)  | (191,570.00)    | (163,200.53)    | 1,596.00       | (161,604.53)    | 1,000.00       | (160,604.53)    | 2,462,134,37   | (435,460 00)   | 23,365,037.00 |
| YTO    |                  | (205,878.18) | 24,050,638.00  | 1,207/782.00 | 2,845,880.00 m | (27,213,424,00) |                 |                |                 |                |                 |                |                |               |
|        |                  |              |                |              |                |                 |                 |                |                 |                |                 |                |                |               |
| 1/     | 31/06 14:28      |              |                |              |                |                 |                 |                |                 |                |                 |                |                |               |
|        |                  | (27,445.57)  | 5,339,050.00   | 125,604.00   | (191,925.00)   | (826,759.00)    |                 |                |                 |                |                 |                |                |               |

2,845,680.00

prior year reversal 2000 P&L

(27,213,480.00 1,207,782.00 (23,159,962.00) (207,671.00) (23,387,633.00)

| Jan-00   Feb-00  | Month  | Opening<br>Balance | (Inc)/Exp<br>Interest<br>Income | (IN)/Out<br>*Wires<br>Margin | (Inc)/Exp<br>Transaction<br>Fees | (Inc)/Exp<br>Future/Options<br>P&S | (IN)FOut<br>Net Option<br>Premiums | Account<br>Balance | (Inc)/Exp<br>Open Equity<br>Open Gains | Account<br>Value | Option<br>Value | Account<br>Value | change in<br>Liquidity | Monthly<br>P&L | YTO<br>P&L   |
|--|--------|--------------------|---------------------------------|------------------------------|----------------------------------|------------------------------------|------------------------------------|--------------------|--|------------------|-----------------|------------------|------------------------|----------------|--------------|
| Feb-00   |        |                    |                                 |                              | <del></del>                      |                                    |                                    |                    |  | ~                |                 | <del></del>      |                        | <del></del>    |              |
| Mar-00   | Jan-00 |                    |                                 |                              |                                  |                                    |                                    |                    |  |                  |                 |                  | -                      |                |              |
| Apr-00   | Feb-00 |                    |                                 |                              |                                  |                                    |                                    |                    |  |                  |                 | •                |                        |                |              |
| Apr-00   | Mar-00 |                    |                                 |                              |                                  |                                    |                                    | -                  |  |                  |                 |                  |                        |                |              |
| May-00       -       (509,210,00)       4,000,00       505,210,00       -       -       (509,210,00)       (509,210,00)       (509,210,00)       (509,210,00)       (509,210,00)       (509,210,00)       (509,210,00)       (509,210,00)       (509,210,00)       (509,210,00)       (509,210,00)       (40,750,00)       (486,588,00)       - <td></td> <td>-</td> <td></td> <td></td> <td>-</td> <td>-</td>   |        |                    |                                 |                              |                                  |                                    |                                    |                    |  |                  | -               |                  |                        | -              | -            |
| Jun-00 - (509,210,00) 4,000.00 505,210.00 (509,210,00) (509,210.00) (509,210,00) (509,210.00) (509,210.00) (509,210.00) (509,210.00) (409,500.00) (509,210.00) (409,500.00) (409,500.00) (509,210.00) (409,500.00) (409,500.00) (409,500.00) (509,210.00) (409,500.00) (409 |        |                    |                                 |                              |                                  |                                    |                                    |                    |  |                  |                 |                  |                        | -              |              |
| Jul-00     22,622.00     18,126.00     (40,750.00)     -     -     22,622.00     (486,588.0       Aug-00     -     -     -     -     -       Sep-00     -     -     -     -       Oct-00     -     -     -     -       Nov-00     -     -     -     -       Dec-00     -     (39,050.00)     38,050.00     -     -     (39,050.00)     (39,050.00)   |        | -                  |                                 | (509.210.00)                 | 4 000.00                         | 505,210,00                         |                                    | _                  |  | _                |                 |                  |                        | (509.210.00)   | (509,210.00) |
| Aug-00   |        |                    |                                 |                              |                                  |                                    |                                    | •                  |  |                  |                 |                  |                        |                | (486,588.00) |
| Sep-00   |        | _                  |                                 |                              |                                  | ( /                                |                                    |                    |  |                  |                 |                  |                        |                | 1 1 1        |
| Oct-00   |        | _                  |                                 |                              |                                  |                                    |                                    |                    |  |                  |                 |                  |                        |                |              |
| Nov-00 (39,050,00) 3,600,00 35,450,00 (39,050,00) (39,050,00)  |        | ·                  |                                 |                              |                                  |                                    |                                    | _                  |  |                  |                 |                  |                        |                |              |
| Dec-00 - (39,050,00) 3,800,00 35,450,00 - (39,050,00) (39,050,00)  |        | -                  |                                 |                              |                                  |                                    |                                    |                    |  |                  |                 |                  |                        | -              |              |
|  |        | •                  |                                 | (20.060.00)                  | 2.600.00                         | 25.450.00                          |                                    | •                  |  | -                |                 |                  |                        | (20.050.00)    | (20.050.00)  |
| YTD - (525 638 00) 25 728 00 499.910.00  | YTD    |                    |                                 | (525,638,00)                 |                                  | 499.910.00                         |                                    | <del> </del>       |  |                  | <del></del>     |                  |                        | (00,000,00)    | (35,030.00)  |

1/31/06 14:28

499,910.00 25,728.00 525,638.00

2000 P & L

#### EMC CAPITAL CORP S. STONE ACCOUNT SUMMARY OF MONTHLY TRANSACTIONS JANUARY 1 - DECEMBER 31, 2000

|        |                |             |                |             |                |                | Exhibit D          |              |                |                |                |                |                |              |
|--------|----------------|-------------|----------------|-------------|----------------|----------------|--------------------|--------------|----------------|----------------|----------------|----------------|----------------|--------------|
|        |                | (inc)/Exp   | (IN)/Out       | (Inc)/Exp   | (inc)/Exp      | (IN)/Out       |                    | (Inc)/Exp    |                | 0-4            |                |                |                |              |
|        | Opening        | Interest    | *Wires         | Transaction | Future/Options | Net Option     | Account<br>Balance | Open Equity  | Account        | Option         | Net            | change in      | Monthly        | YTD          |
| Month  | Balance        | Income      | Margin         | Fees        | P&S            | Premiums       | parance            | Open Gains   | Value          | Value          | Liquidity      | Liquidity      | P&L            | P&L          |
| Dec-99 |                |             |                |             |                | (004 440 44)   |                    |              |                |                | (1,179,290.16) |                | <b></b>        |              |
| Jan-00 | (1,606,930,16) | (11,335.79) | (750,000.00)   | 150,270.22  | 771,197.55     | (268,078.60)   | (1,714,876.78)     | 100,455.20   | (1,614,421,58) | 302,250.00     | (1,312,171.58) | (132,881.42)   | (628,454.37)   | (628,454.37) |
| Feb-00 | (1,714,876.78) | (4.997.22)  |                | 43,216.42   | 180,081,15     | 639,451.98     | (857,124.45)       | (108,250.00) | (965,374.45)   | (720,750.00)   | (1,686,124 45) | (373,952,87)   | 368,955.65     | (259,498 72) |
| Mar-00 | (857,124.45)   | (3,015.49)  |                | 36,370.29   | (286,546.24)   | 199,491.00     | (910,824.89)       | 125,950.00   | (784,874.89)   | (1,397,000.00) | (2,181,874.89) | (495,750,44)   | 492,734,95     | 233,236 23   |
| 00-1qA | (910,824.89)   | (3,598.93)  |                | 43,128.23   | 545,000.00     | (442,000.00)   | (768,295.59)       | 318,510.00   | (449,785.59)   | (1,858,000.00) | (2,307,785.59) | (125,910.70)   | 122,311.77     | 355,548 00   |
| May-00 | (768,295.59)   | (3,315.78)  | 1,000,000.00   | 47,556.73   | (1,061,740.00) | 243,900.00     | (541,894.64)       | 32,366.20    | (509,528.44)   | (759,000.00)   | (1,268,528,44) | 1,039,257.15   | (42,572.93)    | 312,975.07   |
| Jun-00 | (541,894.64)   | 12,637.70   | (271,000.00)   | 38,316.07   | 64,903.00      | (106,500.00)   | (803,537.87)       | (436,708.80) | (1,240,246.67) | (494,000.00)   | (1,734,246 67) | (465,718 23)   | 207,355.93     | 520,331.00   |
| 00-lul | (803,537.87)   | (2,842.80)  |                | 29,394.92   | (255,261.40)   | 1,421,760.00   | 389,512.85         | 1,581.00     | 391,093,85     | (1,650,000.00) | (1,258,906,15) | 475,340.52     | (478,183.32)   | 42,147.68    |
| Aug-00 | 389,512.85     | (132.29)    |                | 19,838.34   | (469,625.00)   | (85,200.00)    | (145,606.10)       | 2,018,700.80 | 1,873,094.70   | (4,680,000.00) | (2,806,905.30) | (1,547,999.15) | 1,547,866.86   | 1,590,014.54 |
| Sep-00 | (145,606.10)   | 2,801.09    | 2,000,000.00   | 77,019.38   | 1,559,256.80   | (5,810,610.00) | (2,317,138.83)     | (3,501.00)   | (2,320,639.83) | 147,240.00     | (2,173,399.83) | 633,505.47     | 1,369,295.62   | 2,959,310.16 |
| Oct-00 | (2,317,138.83) | (1,469.11)  | (341,000.00)   | 115,353.88  | 119,056.80     | (1,374,638.00) | (3,799,835,26)     | 926,090.00   | (2,873,745.26) | 258,000.00     | (2,615,745.26) | (442,345 43)   | 99,876.32      | 3,059,186.48 |
| Nov-00 | (3,799,835,26) | (20,177.36) | 2,000,000.00   | 94,115.37   | (7,165,635,00) | 143,223.00     | (8,748,309,25)     | 5,297,443.40 | (3,450,865.85) | (61,240.00)    | (3,512,105.85) | (896,360.59)   | 2,876,183.23   | 5,935,369.71 |
| Dec-00 | (8,748,309.25) | (13,980.75) | (4,357,000.00) | 85,954.82   | 7,780,967.80   | 1,255,965.00   | (3,996,402,38)     | (619,642.00) | (4,616,044.38) | (360,000 00)   | (4,976,044.38) | (1,463,938.53) | (2,907,042.22) | 3,028,327.49 |
| YTD T  |                | (49,426.73) | (719,000.00)   | 780,534.67  | 1,781,655,46   | (4,183,235.62) | —                  |              |                |                |                |                |                |              |

1/31/06 14:28

(2,357,000.00) (34,158.11)

1,399,188.00

180,070,19 615,332,80 1,781,635,46 (4,183,235,62) 780,534,67 2000 P & L (2,048,685,49)

### EMC Securities at Market 12/31/00 A/C 421-00934 Exhibit E

| Exhibit E Equities & Options                     | Quantity  | Market    | Market Value                                  | Cost                           | Unrealized   | Realized | Accrued Income |
|--|-----------|-----------|---|--------------------------------|--------------|----------|----------------|
| Chesapeake Energy Corp                           | 114,100   | 10.12500  | 1,155,262.50                                  | 744,847.77                     | 410,414.73   | •        | -              |
| COHO Energy Inc                                  | 5,087     | 3.25000   | • 16,532.75                                   | 54,464.77                      | (37,932.02)  | -        | -              |
| Houston Exploration Co                           | 15,000    | 38.12500  | 571,875.00                                    | 381,658.91                     | 190,216.09   | -        | -              |
| Meridian Resource Corp                           | 28,200    | 8.62500   | 243,225.00                                    | 183,345.18                     | 59,879.82    | -        | •              |
| Nasdaq 100                                       | 100,000   | 58.37500  | 5,837,500.00                                  | 6,120,789.80                   | (283,289.80) |          |                |
| Sun Microsystems                                 | 25,000    | 27.87500  | 696,875.00                                    | 732,816.45                     | (35,941.45)  | ·        |                |
|  |           | _         | 8,521,270.25                                  | 8,217,922.88                   | 303,347.37   |          |                |
| <u>CASH</u>                                      |           | _         |   |                                |              |          |                |
| Boston Advisors MMKT                             | 3,494,166 | 1.0000    | 3,494,166.33                                  | 3,494,166.33                   | _            | _        | _              |
| Credit Balance                                   | 0,454,100 | 1.0000    | 2,434,100.00                                  | -                              | -            | -<br>-   | -<br>-         |
| Debit Balance                                    | -         | 1.0000    | (3,056,844.70)                                | (3,056,844.70)                 | - '          | -        | -              |
|  |           | -         | 437,321.63                                    | 437,321.63                     |              |          |                |
| Taxable Fixed Income                             |           |           |   |                                |              |          |                |
| Level 3 Communications                           | 1,000,000 | 89.50%    | 895,000.00                                    | 918,750.00                     | (23,750.00)  |          | 31,777.80      |
| Nextlink   | 1,000,000 | 84.00%    | 840,000.00                                    | 855,000.00                     | (15,000.00)  |          | 8,361.10       |
| Worldwide Fiber                                  | 1,250,000 | 78.00%    | 975,000.00                                    | 1,000,000.00                   | (25,000.00)  | -        | 61,666.63      |
| Nextel Communications                            | 1,000,000 | 94.50%    | 945,000.00                                    | 982,500.00                     | (37,500.00)  | -        | 11,458.30      |
| Williams Comm Group                              | 2,000,000 | 80.50%    | 1,610,000.00                                  | 1,640,000.00                   | (30,000.00)  | -        | 93,020.80      |
| Columbia/HCA                                     | 350,000   | 86.73%    | 303,555.00                                    | 287,000.00                     | 16,555.00    | -        | 7,664.23       |
| Toro Corp  | 350,000   | 95.13%    | 332,965.50                                    | 315,000.00                     | 17,965.50    |          | 1,061.66       |
| Ford Motor Corp                                  | 1,500,000 | 81.82%    | 1,227,330.00                                  | 1,288,845.00                   | (61,515.00)  | -        | 39,312.45      |
|  |           |           | 7,128,850.50                                  | 7,287,095.00                   | (158,244.50) | -        | 254,322.97     |
| COMBINED TOTALS                                  |           |           | 16,087,442.38                                 | 15,942,339.51                  | 145,102.87   | •        | 254,322.97     |
| Unsettled cash balance after unsettled purchases |           |           | 6,534,375.00                                  | 6,853,606.25<br>(6,416,284.62) | (319,231.25) |          |                |
| Advest   |           | unsettled | <b>9,553,067.38</b> (319,231.25) 9,233,836.13 |                                |              |          | •              |

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## **ENERGY MERCHANT CORPORATION**

Form 1120 US Corporation Income Tax Return Schedule M-1 and M-3 Analysis

|      | -   | Income<br>Before<br>ederal Tax<br>Per Books | •  | Income<br>Before<br>ederal Tax<br>r Tax Return |
|------|-----|---|----|--|
| 1999 | \$  | 4.544.502                                   | \$ | 4,501,836                                      |
| 2000 | •   | 12,782,745                                  | •  | 10,529,169                                     |
| 2001 |     | 1,131,990                                   |    | (5,583,075)                                    |
| 2002 |     | (5,789,014)                                 |    | (6,206,941)                                    |
| 2003 |     | (18,319,828)                                |    | (8,626,375)                                    |
| 2004 |     | 2,132,492                                   |    | 2,188,437                                      |
|      | \$. | (3,517,113)                                 | \$ | (3,196,949)                                    |

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# ENERGY MERCHANT CORPORATION CONSOLIDATED BALANCE SHEET

| Other Current Assets    | <del></del> | 2002      | 2003 |         |  |
|-------------------------|-------------|-----------|------|---------|--|
| I/C EM Inv Fund LLC     | \$          | 7,000     | \$   | -       |  |
| I/C EMAC                |             | 975,888   |      | -       |  |
| A/R I/C & OTHER:I/C WTL |             | 1,542,722 |      | -       |  |
| A/R I/C & OTHER:I/C EML |             | 304,901   |      | -       |  |
| A/R I/C & OTHER:I/C SPC |             | 377,987   |      | 502,047 |  |
|                         | \$          | 3,208,498 | \$   | 502,047 |  |

Department of the Treasury Internal Revenue Service U.S. Return of Partnership

| 1 | of P | artı | nersh | ip Inc | ome | 200 |
|---|------|------|-------|--------|-----|-----|
|   |      |      |       |        |     |     |

|               |                       |   | ► Se                          | e separate ins                                     | structions.     |                | ·                              |                                    | IRS use o                      | nly - Do not v                             | write or sta              | aple in this space                       |                 |
|---------------|-----------------------|---|-------------------------------|--|-----------------|----------------|--------------------------------|------------------------------------|--------------------------------|--|---------------------------|--|-----------------|
| For c         | alendar               | year 2002, or                               | tax year b                    | eginning   |                 | , 2002, a      | nd ending                      |                                    | ,                              | 20 .                                       |                           | OMB N                                    | io.1545-0099    |
|               |                       | iness activity                              |                               |  |                 |                |                                |                                    | ~~~~~~~~~ <u>~</u>             |  | D                         | Employer identi<br>number                | lication        |
| <b>B</b> Pr   | ESTME<br>Incipal prod | duct or service                             | Use the IRS label. Otherwise, | ENERGY M<br>126 EAST<br>NEW YORK                   | : 56TH S        | ST, 33 H       | ORY CO.                        | , LLC                              |                                |  | E                         | 0-1601720<br>Date business s<br>/01/2001 | tarted          |
|               | siness cod            |   | print<br>or type.             |  |                 |                |                                |                                    |                                |  | F                         | Total assets (se-                        |                 |
|               |                       | -Carble bases                               |                               | Initial return                                     | (2)             | inal return    | (2)   N                        | me change                          | (4)                            | I deletera al-                             | \$                        |  |                 |
|               |                       | plicable boxes                              | ``` ►                         |  | (2)   Fi        |                | ``                             |                                    | · ' ' L                        | _ Address cha                              | nge (5                    | Amended                                  | return          |
|               |                       | counting meth                               | ٠,٠ ا                         | Cash   |                 |                |                                |                                    | cify)                          |  |                           |  |                 |
| NO.           | imber o               | r Schedules r                               | C-1. Attach                   | one for each pass income and                       | d expenses      | was a par      | ther at any                    | time dur                           | ing the ta                     | ax year                                    | ·····                     |  |                 |
| Cautio        | 1. 11.616             | de only trade                               | e or busines                  | ss income and                                      | i expenses      | VII III IES TE | 1 unough 2                     | a Delow.                           | See uie                        | IIISU UCUONS                               | TOT THOS                  | e imormador                              | <u>.</u>        |
|               |                       |   |                               |  |                 |                |                                |                                    | · · ·                          |  | 1.c                       |  |                 |
| NC            | 2 (                   | Cost of goods                               | sold (Sche                    | edule A, line 8                                    | o               |                |                                |                                    |                                |  | 2                         |  |                 |
| 0             |                       |   |                               | e 2 from line 1                                    |                 |                |                                |                                    |                                |  |                           |  |                 |
| M             | 4 (                   | Ordinary inco                               | me (loss) fr                  | rom other part                                     | tnerships, e    | states, and    | l trusts                       |                                    |                                |  |                           |  |                 |
|               | ) '                   | •   | •                             | tach Schedule                                      |                 |                |                                |                                    |                                |  | <b>)</b>                  | <del></del>                              |                 |
| •             | ,                     | •   |                               | n 4797, Part II                                    |                 |                |                                |                                    |                                |  |                           |  |                 |
|               | 7 (                   | Other income                                | (loss)                        |  |                 |                |                                |                                    |                                |  |                           |  |                 |
|               |                       | •   | •                             |  |                 |                |                                |                                    |                                |  | 1                         |  |                 |
|               | 8 1                   | Total income                                | (loss). Com                   | nbine lines 3 ti                                   | hrough 7        | <del></del>    | <del></del>                    | <u> </u>                           | <u></u>                        | ·<br>· · · · · · · · · · · · · · · · · · · | . 8                       |  | <del></del>     |
| S<br>E        |                       |   | _                             | er than to parti                                   |                 |                |                                |                                    |                                |  |                           | ······································   | <del> </del>    |
| Ņ             |                       | •   | -                             | e  |                 |                |                                |                                    |                                |  |                           | <del></del>                              | <del></del>     |
| DEDUC         |                       |   |                               |  |                 |                |                                |                                    |                                |  |                           | <del></del>                              |                 |
| DÜÇ           | )                     |   | -                             |  |                 |                |                                |                                    |                                |  | <del></del>               |  |                 |
| · ·           |                       |   |                               |  |                 |                |                                |                                    |                                |  |                           | <del></del>                              |                 |
| CTI           | 4                     |   |                               |  |                 |                |                                |                                    |                                |  | 15                        | <del></del>                              |                 |
| o s           |                       |   |                               | attach Form 4                                      |                 |                |                                | 1 1                                |                                |  |                           | <del></del>                              |                 |
| N F           | 1                     | •   | -                             | ed on Schedule                                     |                 |                |                                | <del></del>                        |                                |  | 16c                       | •  |                 |
| S¥            | 3                     | ٠.  | •                             | oil and gas d                                      |                 |                |                                | (102)                              | <del></del>                    |  | 17                        |  | <del></del>     |
| L             | 1                     | •   |                               |  |                 |                |                                |                                    |                                | ***********                                | 18                        |  |                 |
|               | 1                     | -   |                               | ms   |                 |                |                                |                                    |                                |  | 19                        | · · · · · · · · · · · · · · · · · · ·    |                 |
| . t<br>A<br>T | 20 (                  | ther deduction                              | ons                           |  |                 |                |                                |                                    |                                |  |                           | 72.                                      | 2,381.          |
| M - TATIONS   | `                     |   | -                             |  |                 |                |                                |                                    |                                |  |                           |  |                 |
|               | 21 T                  | otal deduction                              | ons. Add th                   | e amounts sho                                      | own in the f    | far right col  | umn for lin                    | es 9 thro                          | ough 20                        | <u></u>                                    | 21                        |  | 2,381.          |
|               | 22 C                  | <del></del>                                 |                               | rom trade or b                                     |                 |                |                                |                                    |                                |  | 22                        |  | 2,381.          |
| Sign          |                       | belief, it is true which preparer           | correct, and                  | declare that I have<br>complete. Declara<br>ledge. | tion of prepare | er (other than | ung accompan<br>general partne | iying scried<br>ir or limited<br>l | ules and sta<br>I liability co | ntements, and t<br>mpany member            | o the best                | t of my knowledged on all informat       | e and<br>ion of |
| Here          |                       | Signature o                                 | if general parto              | er or limited liability                            | company me      | mber           | <u> </u>                       | <b>,</b>                           | Date                           |  | May the with the (see ins | IRS discuss this preparer shown to trs)? | below           |
| <del></del>   | <del></del>           | <del> </del> -                              |                               | ///  |                 |                | Date /                         | <del>-</del> +                     |                                |  | renater's                 | SSN or PTIN                              | s No            |
| <b>Pa</b> id  |                       | Preparer's signature                        |                               | 7  |                 | CD!            | 12/1/                          | 03 8                               | check if self-<br>imployed.    |  | 0031                      |  |                 |
|               | rer's                 | Firm's name<br>(or yours if                 |                               |  | urcio, (        | CPA            |                                | <del></del>                        | <del></del>                    |  | <b>.</b> -                |  |                 |
| Jse (         | nly                   | self-employed),<br>address, and<br>ZIP code |                               | Box 549<br>Air, MD :                               | 21014           | <del></del>    | ·                              |                                    | <del></del>                    |  |                           | 2469983<br>0) 893-2                      | 760             |
|               |                       | 1   | DCT                           | م 1212 م المحددة                                   | トイクィュ           |                |                                |                                    |                                | Phone no                                   | , (41)                    | U] 073~Z                                 | 700             |

| Form 1065 (2002) ENERGY MERCHANT ADVISORY CO., LLC 06-1601720  |        |               |            | Page    |
|--|--------|---------------|------------|---------|
| Cost of Goods Sold (see instructions)  |        |               |            |         |
| 1 Inventory at beginning of year:  | 1      |               |            |         |
| 2 Purchases less cost of items withdrawn for personal use  | 2      |               |            |         |
| 3 Cost of labor  | 3      |               |            |         |
| 4 Additional section 263A costs (attach schedule)  | 4      |               |            |         |
| 5 Other costs  |        |               |            |         |
| (attach schedule)  | 5      |               |            |         |
| 6 Total. Add lines 1 through 5   | 6      |               |            |         |
| 7 'Inventory at end of year  |        |               |            |         |
| 8 Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2  | 8      |               |            |         |
| 9a Check all methods used for valuing closing inventory:   |        |               |            |         |
| (i) Cost as described in Regulations section 1.471-3   |        |               |            |         |
| (ii) Lower of cost or market as described in Regulations section 1.471-4   |        |               |            |         |
| (iii) Other (specify method used and attach explanation)   |        |               | م          | <u></u> |
| b Check this box if there was a writedown of 'subnormal' goods as described in Regulations section 1.471-2(c) c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form   |        |               | <u> </u>   |         |
| d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership?  | ,      |               | · }        | No      |
| e Was there any change in determining quantities, cost, or valuations between opening and closing inventory?   |        | <b>—</b>      | Yes<br>Yes | No      |
| If 'Yes', attach explanation.  |        | ··· [_]       | Tes [      |         |
| Other Information  |        |               |            |         |
| 1 What type of entity is filing this return? Check the applicable box:   |        |               | Yes        | s No    |
| a Domestic general partnership b Domestic limited partnership  |        | -             |            |         |
| c X Domestic limited liability company d Domestic limited liability partnership  |        |               |            |         |
| e Foreign partnership f ☐ Other ►  |        |               | _          |         |
| <ul> <li>Are any partners in this partnership also partnerships?</li> <li>During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? instructions for required attachment.</li> </ul> |        | that<br>, see | ••-        | X       |
| 4 Is this partnership subject to the consolidated audit procedures of sections 6221 through 6233? If 'Yes,' see De of Tax Matters Partner below.   | signa  | tion          |            | X       |
| 5 Does this partnership meet all three of the following requirements?  |        |               |            |         |
| a The partnership's total receipts for the tax year were less than \$250,000;  |        |               |            |         |
| b The partnership's total assets at the end of the tax year were less than \$600,000; and  |        |               |            |         |
| c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including exter for the partnership return.   |        | )             |            |         |
|  | •      |               | ·          | X       |
| 6 Does this partnership have any foreign partners? If 'Yes,' the partnership may have to file Forms 8804, 8805 and 8813. See instructions  |        |               | <b>———</b> | X       |
| 7 Is this partnership a publicly traded partnership as defined in section 469(k)(2)?   |        |               |            | X       |
| <ul> <li>8 Has this partnership filed, or is it required to file, Form 8264, Application for Registration of a Tax Shelter?</li> <li>9 At any time during calendar year 2002, did the partnership have an interest in or a signature or other authority</li> </ul>   |        |               |            | X       |
| a financial account in a foreign country (such as a bank account, securities account, or other financial account). See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of  | ?      | •             |            |         |
| the foreign country.   |        |               |            | X       |
| During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a tell 'Yes,' the partnership may have to file Form 3520. See instructions   | oreign | trust?        |            | Х       |
| 11 Was there a distribution of property or a transfer (e.g., by sale or death) of a partnership interest during the tail if 'Yes,' you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statem   | ent    | ?             |            |         |
| described in the instructions under Elections Made By the Partnership  |        | 0             |            | X       |
|  | سينتن  |               | Lensen     |         |
| Designation of Tax Matters Partner (see instructions)  |        |               |            |         |
| inter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:   |        |               |            |         |
| lame of sesignated TMP ► ENERGY MERCHANT HOLDING INC Identifying number of TMP ► 13  | -410   | 14912         |            |         |
| ddress of 126 EAST 56TH ST, 33 FLR   |        |               |            |         |
| esignated TMP NEW YORK, NY 10022   |        |               |            |         |

|                    | Partners' Shares of Income, Credits, Deductions, etc   |                       |  |
|--------------------|--|-----------------------|--|
|                    | (a) Distributive share items   |                       | (b) Total amount                       |
|                    | 1 Ordinary income (loss) from trade or business activities (page 1, line 22)                               | . 1                   | -732,381.                              |
|                    | 2 Net income (loss) from rental real estate activities (attach Form 8825)                                  | . 2                   |  |
|                    | 3a Gross income from other rental activities   |                       |  |
|                    | b Expenses from other rental activities (attach sch)   | 7                     |  |
|                    | c Net income (loss) from other rental activities. Subtract line 3b from line 3a                            | The same and a second |  |
|                    | 4 Portfolio income (loss): aInterest income  |                       | 3.                                     |
|                    | b Ordinary dividends   |                       | <u> </u>                               |
| Income             | c Royalty income.  |                       | <del> </del>                           |
| (Loss)             | d Net short-term capital gain (loss) (attach Schedule D (Form 1065))                                       |                       | <del> </del>                           |
|                    |  |                       | <del> </del>                           |
|                    | e (1) Net long-term capital gain (loss) (attach Schedule D (Form 1065))                                    | 4e (1)                |  |
|                    | (2) 28% rate gain (loss). (3) Qualified 5-year gain.   |                       |  |
|                    | f Other portfolio income (loss) (attach schedule)  |                       |  |
|                    | 5 Guaranteed payments to partners  |                       |  |
|                    | 6 Net section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797)                    | <del></del>           |  |
|                    | 7 Other income (loss)  |                       |  |
|                    | 8 Charitable contributions (attach schedule)   |                       |  |
| Deduc-             | 9 Section 179 expense deduction (attach Form 4562)   | 9                     | <u> </u>                               |
| tions              | 10 Deductions related to portfolio income (itemize)  | 10                    |  |
|                    | 11 Other deductions  | 11                    |  |
|                    | 12 a Low-income housing credit:  | 5. L. 1944            | ·                                      |
|                    | (1) From partnerships to which section 42(j)(5) applies  |                       |  |
| Credits            | (2) Other than on line 12a(1)  | 12a(2)                |  |
|                    | <b>b</b> Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468) | 12b                   |  |
|                    | c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities         |                       |  |
|                    | d Credits related to other rental activities   | )~ <del>~~~~~</del>   |  |
| <del></del>        | 13 Other credits   | <del></del>           |  |
| Invest-            | 14a Interest expense on investment debts   | 14a                   |  |
| ment               | b (1) Investment income included on lines 4a, 4b, 4c, and 4f above   | 14b(1)                | 3.                                     |
| interest           | (2) Investment expenses included on line 10 above  |                       |  |
| Self-              | 15 a Net earnings (loss) from self-employment.   | 15 a                  |  |
| Employ-            | b Gross farming or fishing income  | 15 b                  |  |
| ment               | c Gross nonfarm income.  | 15 c                  | ,                                      |
| Adjust-            | 16a Depreciation adjustment on property placed in service after 1986                                       | 16a                   |  |
| ments              | b Adjusted gain or loss  | 16b                   | · · · · · · · · · · · · · · · · · · ·  |
| and Tax<br>Prefer- | c Depletion (other than oil and gas)   |                       |  |
| ence               | d(1) Gross income from oil, gas, and geothermal properties   |                       |  |
| Items              | (2) Deductions allocable to oil, gas, and geothermal properties  |                       |  |
|                    | e Other adjmnts & tax pref items   |                       |  |
|                    | 17 a Name of foreign country or U.S. possession  |                       |  |
|                    | <b>b</b> Gross income from all sources   | 17b                   |  |
|                    | c Gross income sourced at partner level  | 17 c                  |  |
|                    | d Foreign gross income sourced at partnership level:   |                       |  |
|                    | (1) Passive (2) Listed categories (attach sch) (3) General limitation                                      | 17 d (3)              |  |
| Foreign            | e Deductions allocated and apportioned at partner level:   |                       |  |
| Taxes              | (1) Interest expense (2)Other  | 17e (2)               |  |
|                    | f Deductions allocated and apportioned at partnership level to foreign source income:                      |                       | <del></del>                            |
|                    | (1) Passive (2) Listed categories (attach sch) (3) General limitation                                      | 171 (3)               |  |
|                    | g Total foreign taxes (check one): ► Paid Accrued  | 17q                   | ······································ |
|                    | h Reduction in taxes available for credit (attach schedule).   | 17h                   |  |
|                    | 18 Section 59(e)(2) expenditures: a Type b Amount  |                       | ·····                                  |
|                    | 19 Tax-exempt interest income.   | 19                    |  |
| j                  | 20 Other tax-exempt income   | 20                    |  |
| Other              | 21 Nondeductible expenses  | 21                    |  |
|                    | 22 Distributions of money (cash and marketable securities)   | 22                    | <del></del>                            |
|                    | 23 Distributions of property other than money  | 23                    | <del></del>                            |
| İ                  | 24 Other items and amounts required to be reported separately to partners                                  |                       |  |
|                    | (attach schedule)  |                       |  |



| For      | n 1065 (2002              | ENERGY ME.  | RCHANT A                        | DVISO  | RY CO.,            | LI  | C 06-1601720   |  |  | F   | age 4         |
|----------|---------------------------|---|---------------------------------|--|--------------------|---|--|--|--|---|---------------|
| An       | alysis of N               | et Income (Loss)  |                                 |  |                    |   |  |  |  |   |               |
| 1        | Net income<br>sum of Sch  | e (loss). Combine Sch<br>ledule K, lines 8 throu              | edule K, lines<br>gh 11, 14a, 1 | s 1 throu<br>17g, and  | igh 7 in co<br>18b | lumn  | (b). From the result, su   | btract the                                 |  | -732,3  | 378.          |
| 2        | Analysis by               | (i) Corporate   | (ii) Indivi                     |  | (iii) Inc          |   |  |  | ρt                                     | (vi) Nominee/                                     | Other         |
|          | partner type:             |   | (active                         | e)<br>   | (pas               | sive)   |  | organizati                                 | ion<br>                                |   |               |
|          | a General partners        |   | ·                               |  | <u> </u>           |   |  |  |  | ļ   |               |
|          | b Limited partners        | -73,238.  | -659                            |  | <u> </u>           |   |  |  |  | <u> </u>  |               |
|          |                           | L, M-1 and M-2 are no   |                                 | Questio  |                    |   |  |  |  |   |               |
| SC       | igudale)                  | Balance Sheets pe   | r Books                         | ļ  |                    | ning  | of tax year  | En   | d of ta                                | ax year   |               |
|          |                           | Assets  |                                 |  | (a)                | -   | (b)  | (c)  |  | (d)   |               |
| 1        | 040,111111                |   |                                 |  |                    |   | 500.   |  |  | l.  | 189.          |
|          |                           | and accounts receive  |                                 | <del></del>  |                    |   |  | <del></del>                                |  |   |               |
|          |                           | nce for bad debts   |                                 |  |                    | a de la companya de |  |  |  |   |               |
| 3        |                           |   |                                 |  |                    |   |  |  |  |   |               |
| 4        | U.S. govern               | ment obligations  |                                 |  |                    |   |  |  |  | <del></del>                                       |               |
| 5        |                           | securities  |                                 |  |                    |   |  |  |  |   |               |
| . 6      |                           | ssets (attach schedule). Se                                   |                                 |  |                    |   | 201,643.   |  |  | 786,2   | 34.           |
| 7        |                           | nd real estate loans  |                                 |  |                    |   |  |  | _                                      | · · · · · · · · · · · · · · · · · · ·             |               |
|          |                           | nts (attach schedule)   |                                 |  |                    |   |  |  |  |   |               |
|          | -                         | nd other depreciable a  |                                 |  |                    |   |  |  |  |   |               |
|          |                           | ulated depreciation   |                                 |  |                    |   |  |  |  | रेपा क्षित्रहरू अस्ति का असे विकासिक है।<br>स्थान | e grand order |
|          |                           | assets  |                                 |  | <del></del>        |   |  |  |  |   |               |
| t        | Less accum                | ulated depletion  |                                 |  |                    |   |  |  |  | <del></del>                                       | <u></u>       |
| 11       | Land (net of              | f any amortization)   |                                 |  |                    |   |  |  |  |   |               |
|          | ~                         | ssets (amortizable on   |                                 |  |                    |   | Market State of State |  |  |   |               |
|          |                           | ulated amortization   |                                 | THE RESERVE OF THE PARTY OF THE |                    |   |  |  |  |   |               |
|          |                           | s (attach schedule)   |                                 |  |                    |   | 202,143.   |  |  | 706 7   | 122           |
| 14       |                           | i   |                                 |  |                    |   | 202, 143.  |  |  | 786,7   | 43.           |
|          |                           | bilities and Capital  |                                 |  |                    |   |  |  |  |   |               |
| 15       | •                         | nyablees, bonds payable in less that                          | 1                               |  |                    |   |  |  |  |   |               |
| 16       |                           | es, ponds payable in less un<br>abilities (attach sch)Se      |                                 |  |                    |   | 243,521.   |  |  | ± 975,8   | 9 9           |
| 17<br>18 | •                         | urse Ioans  |                                 |  |                    |   | 243,321.   |  | -                                      | <del>a</del> 973,8                                | 00.           |
| 19       |                           | es, bonds payable in 1 year                                   | 1                               |  |                    |   | · · · · · · · · · · · · · · · · · · ·  |  |  |   |               |
| 20       |                           | (attach schedule)   |                                 |  |                    |   |  |  |  |   |               |
|          |                           | pital accounts  |                                 |  |                    |   | -41,378.   |  |  | -189,1  | 65            |
| 21       |                           | es and capital  |                                 |  |                    |   |  | je sa te<br>Programa po postaj je programa |  | 786,7   |               |
|          |                           |   |                                 | (1,055)  | per Boo            | ks l  | With Income (Loss)   | ner Return                                 | ابدوسه                                 | 700,7   | <u> </u>      |
|          |                           | (loss) per books  |                                 |  | 32,378.            | 6   | Income recorded on books th  |  |  |   |               |
| 2        | Income included           | on Schedule K. lines 1 thr                                    | ough 4.                         |  | <del> </del>       |   | on Schedule K, lines 1 though  | h 7 (itemize):                             | 1                                      |   |               |
| _        | 6, and 7, not rea         | d on Schedule K, lines 1 thro<br>corded on books this year (i | temize):                        |  |                    | 1   | Tax-exempt interest \$_  |  |  |   |               |
|          |                           |   |                                 |  |                    | ì   |  |  |  |   |               |
|          |                           |   |                                 |  |                    | 7   | Deductions included on Sche  | dule K. lines 1 through                    | 11.                                    |   |               |
| 3        | Guaranteed pmt            | s (other than health insurar                                  | ice)                            |  | <del></del>        |   | 14a, 17g, and 18b, not charged   | d against book income                      | this                                   |   |               |
| 4        | on Schedule K,            | ded on books this year not in<br>lines 1 through 11, 14a, 17g | , and                           |  |                    |   | year (itemize):  Depreciation\$  |  |  |   |               |
|          | 18b (itemize):            |   |                                 |  |                    | •   |  |  | - 1                                    |   |               |
|          |                           | \$  |                                 |  |                    |   |  |  |  |   |               |
|          | Travel and entertainment. | \$  |                                 |  |                    | 8   | Add lines 6 and 7  |  |  |   |               |
|          |                           |   |                                 |  |                    | 9   | Income (loss) (Analysis of Ne  | et Income (Loss) line                      | n [                                    | <del></del>                                       |               |
| 5_       | Add lines 1               | through 4   |                                 |  | 32,378.            | <u> </u>  | Subtract line 8 from line 5  | - (  | ــــــــــــــــــــــــــــــــــــــ | -732,3  | 78.           |
| SEL      |                           | Analysis of Parl  |                                 | ital Ac  | counts             |   |  | ····                                       |  |   |               |
| 1        |                           | beginning of year   |                                 |  | 1,378.             | 6   | Distributions: a Cash.   |  |  |   |               |
| 2        | Capital contr             | ributed: a Cash   |                                 | 58   | 14,591.            | _   | <b>b</b> Prope   | rty  | <u>l</u>                               | <del></del>                                       |               |
| _        | N                         | <b>b</b> Property   |                                 | _ <del></del>  | 32,378.            | 7   | Other decreases (itemize):   |  |  |   |               |
| 3        |                           | (loss) per books  |                                 | - / 3  | 2,318.             |   |  |  |  |   |               |
| 4        | utner increases           | (itemize):  |                                 |  | _                  | 8   | Add lines 6 and 7  |  | -+-                                    |   |               |
| 5        | Add lines 1               | through 4   |                                 | -18  | 9,165.             | 9   | Balance at end of year. Subtra   |  |  | -189,1  | 65            |
|          | 1,000 11169 1             | andagii T   | <del></del>                     |  |                    | L   | sind or your, uduli  | eer mis o nom mis J.                       | 1                                      | 207,1   |               |

# (Form 1065)

# Partner's Share of Income, Credits, Deductions, etc

|             |  | 1                                      | For calendar year 2002 or tax year |  |                    |  |  |  |  |  |  |  |
|-------------|--|--|------------------------------------|--|--------------------|--|--|--|--|--|--|--|
| Internal Re | t of the Treasury<br>venue Service           | beginning                              | , 2002, and                        | d ending                                 |                    | , 20   | · .  |  |  |  |  |  |
| Partner's   | s identifying numb                           | per > 13-4104912                       |                                    | Partners                                 | ship's id          | lentifying number >                          | 06-1601720   |  |  |  |  |  |
|             | arne, address, and ZIP of                    |  |                                    |  |                    | address, and ZIP code                        |  |  |  |  |  |  |
| 126 E       | Y MERCHANT I<br>AST 56TH ST,<br>ORK, NY 1002 | , 33 FLR                               |                                    | ENERG<br>126 E.<br>NEW Y                 | AST 5              | CHANT ADVISORY<br>6TH ST, 33 FLR<br>NY 10022 | CO., LLC   |  |  |  |  |  |
| A This      | partner is a                                 | general partner limite                 | ed partner                         |  |                    | are of liabilities (see in                   |  |  |  |  |  |  |
| X           | limited liability co                         | mpany member                           |                                    | Nonr                                     | ecourse            |  | \$   |  |  |  |  |  |
| B What      | type of entity is the                        | nis partner? 🟲 Corpora                 | ation                              | Quali                                    | ified nor          | recourse financing                           | \$   |  |  |  |  |  |
| C Is this   |  | mestic or a foreign part               | tner?                              | Othe                                     | r                  |  | \$   |  |  |  |  |  |
| D Enter     | oartner's % of: (i)                          | Before change or (ii                   | i) End of year                     | G Tax s                                  | shelter r          | egistration number 🟲                         |  |  |  |  |  |  |
| Profit      | sharing                                      | <u>10</u> %                            | 10%                                | ı  |                    |  |  |  |  |  |  |  |
| Loss        | sharing                                      | 10%                                    | 10%                                | as de                                    | fined in           | section 469(k)(2)                            | publicly traded partnership  |  |  |  |  |  |
| Owners      | ship of capital                              | %                                      | %                                  |  | 2 40 C             |  |  |  |  |  |  |  |
| E IRS Ce    | nter where partnership                       | filed return: Cincinnati,              | , OH                               | I Chec                                   | k applic           | able boxes: (1) F                            | inal K-1 (2) Amended K-1   |  |  |  |  |  |
| J Ana       | lysis of partner's                           | capital account:                       |                                    |  |                    |  |  |  |  |  |  |  |
|             | apital account at ginning of year            | (b) Capital contributed during year    | (c) Partr<br>lines 3<br>Form 1065  | ner's share<br>3, 4, and 7<br>5, Schedul | e of<br>,<br>e M-2 | (d) Withdrawals and distributions            | (e) Capital account at end of year (combine columns (a) through (d)) |  |  |  |  |  |
|             | -24,30                                       | 2.                                     |                                    | -73                                      | ,238.              |  | -97,540.   |  |  |  |  |  |
|             | · .  | (a) Distributive share item            |                                    |  |                    | (b) Amount                                   | (c) 1040 filers enter the amount in column (b) on:                   |  |  |  |  |  |
|             | 1 Ordinary inc                               | ome (loss) from trade or bus           | iness activities                   |  | 1                  | -73,238.                                     |  |  |  |  |  |  |
|             |  | s) from rental real estate activities. |                                    |  | 2                  |  | See Partner's Instructions for Schedule K-1 (Form 1065).             |  |  |  |  |  |
|             | 3 Net income (los                            | s) from other rental activities        |                                    |  | 3                  |  | Sondalis II I (1 still 1005).  |  |  |  |  |  |
|             | 4 Portfolio inc                              | ome (loss):                            | •                                  |  |                    |  |  |  |  |  |  |  |
| Income      | a Interest                                   |  |                                    |  | 4a                 |  | Schedule B, Part I, line 1   |  |  |  |  |  |
| (Loss)      | <b>b</b> Ordinary div                        | idends                                 |                                    |  | 4b                 |  | Schedule B, Part II, line 5  |  |  |  |  |  |
|             |  |  |                                    |  | 4c                 |  | Schedule E, Part I, line 4   |  |  |  |  |  |
|             | d Net short-ter                              | rm capital gain (loss)                 |                                    |  | 4 d                |  | Schedule D, line 5, column (f)                                       |  |  |  |  |  |
|             | e (1) Net long                               | -term capital gain (loss)              |                                    |  | 4e(1)              |  | Schedule D, line 12, column (f)                                      |  |  |  |  |  |
|             | (2) 28% rate                                 | gain (loss)                            |                                    |  | 4e(2)              |  | Schedule D, line 12, column (g)                                      |  |  |  |  |  |
|             | (3) Qualified                                | l 5-year gain                          |                                    | <i>.</i>                                 | 4e(3)              |  | Line 5 of worksheet for Sch D, line 29                               |  |  |  |  |  |
|             | f Other portfolio i                          | ncome (loss) (attach schedule)         |                                    |  | 41                 |  | Enter on applicable In of your return                                |  |  |  |  |  |
|             | 5 Guaranteed                                 | payments to partner                    |                                    |  | 5                  |  |  |  |  |  |  |  |
|             | 6 Net section or theft)                      | 1231 gain (loss) (other than o         | due to casualty                    |  | 6                  |  | See Partner's Instructions for Schedule K-1 (Form 1065).             |  |  |  |  |  |
|             | 7 Other incom                                | e (loss) (attach schedule)             |                                    | <i></i>                                  | 7                  |  | Enter on applicable in of your return                                |  |  |  |  |  |
|             | 8 Charitable contr                           | ibutions (see instructions) (attach so | chedule)                           | ,  | 8                  |  | Schedule A, line 15 or 16  |  |  |  |  |  |
| Deduc-      | 9 Section 179                                | expense deduction                      |                                    | <u>.</u>                                 | 9                  |  |  |  |  |  |  |  |
| tions       | 10 Deductions relat                          | ted to portfolio income (attach schedi | ule)                               |  | 10                 |  | See Partner's Instructions for Schedule K-1 (Form 1065).             |  |  |  |  |  |
|             | 11 Other deduction                           | s (attach schedule)                    |                                    |  | 11                 |  |  |  |  |  |  |  |
|             | 12a Low-income                               | housing credit:                        |                                    |  |                    |  |  |  |  |  |  |  |
|             | (1) From se                                  | ction 42(j)(5) partnerships            |                                    | <i></i>                                  | 12a(1)             |  | Form OFOC Bar F  |  |  |  |  |  |
|             | (2) Other th                                 | an on line 12a(1)                      |                                    |  | 12a(2)             |  | Form 8586, line 5  |  |  |  |  |  |
| Credits     | b Qualified reh<br>estate activit            | nabilitation expenditures relat        | ed to rental real                  | í  | 12b                |  |  |  |  |  |  |  |
|             | c Credits (othe                              | er than credits shown on lines         | s 12a and 12b)                     | Ì  | 1                  |  | See Partner's Instructions for                                       |  |  |  |  |  |
|             | · ·  | ntal real estate activities            |                                    |  | 12 c               |  | Schedule K-1 (Form 1065).  |  |  |  |  |  |
|             | <b>d</b> Credits relat                       | ed to other rental activities          |                                    | [  | 12d                |  |  |  |  |  |  |  |
|             |  | <b>.</b>                               |                                    |  | 13                 |  |  |  |  |  |  |  |

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Schedule K-1 (Form 1065) 2002

### Schedule K-1 (Form 1065)

## Partner's Share of Income, Credits, Deductions, etc

OMB No. 1545-0099

2002

For calendar year 2002 or tax year

| Department of the Treasury Internal Revenue Service beginning , 2002, and o   |   |  |               |   |   | , 20                              |   |  |
|---|---|--|---------------|---|---|-----------------------------------|---|--|
| Partner's identifying number ► 101-58-5760  |   |  |               |   |   | lentifying number ►               | 06-1601720  |  |
| Partner's name, address, and ZIP code   |   |  |               |   | Partnership's name, address; and ZIP code   |                                   |   |  |
| MICHAEL CORNISH<br>369 FLORIDA HILL RD<br>RIDGEFIELD, CT 06877  |   |  |               |   | ENERGY MERCHANT ADVISORY CO., LLC<br>126 EAST 56TH ST, 33 FLR<br>NEW YORK, NY 10022               |                                   |   |  |
| A This partner is a general partner limited partner   |   |  |               |   | F Partner's share of liabilities (see instructions):  |                                   |   |  |
| X limited liability company member  |   |  |               |   | Nonrecourse\$   |                                   |   |  |
| B What type of entity is this partner? Findividual  |   |  |               |   | Qualified nonrecourse financing\$   |                                   |   |  |
| C Is this partner a X domestic or a foreign partner?  |   |  |               |   | Other\$   |                                   |   |  |
| D Enter partner's % of: (i) Before change or (ii) End of year   |   |  |               |   | G Tax shelter registration number ►   |                                   |   |  |
| 200   |   |  |               |   | H Check here if this partnership is a publicly traded partnership as defined in section 469(k)(2) |                                   |   |  |
| Loss sharing 90 % 90 % as   |   |  |               |   |   | section 469(k)(2)                 | odblicly traded partnership   |  |
| Ownership of capital. \$  |   |  |               |   |   |                                   |   |  |
| E IRS Center where partnership filed return; Cincinnati, OH   Check applicable boxes: (1)   Final K-1 (2)   Amended |   |  |               |   |   |                                   |   |  |
| J Analysis of partner's capital account:  |   |  |               |   |   |                                   |   |  |
| (a) Capital account at beginning of year (b) Capital contributed during year lines 3                                |   |  |               | ter's share of (d) Withdrawals and distributions , Schedule M-2 |   | (d) Withdrawals and distributions | (e) Capital account at end of year (combine columns (a) through (d))      |  |
| -17,076. 584,591.   |   |  |               |   | ,140.   |                                   | -91,625.  |  |
| (a) Distributive share item   |   |  |               |   |   | (b) Amount                        | (c) 1040 filers enter the amount in column (b) on:                        |  |
|   | 1 Ordinary income (loss) from trade or business activities. |  |               |   | 1   | -659,143.                         |   |  |
|   | 2 Net income (loss) from rental real estate activities      |  |               |   |   |                                   | See Partner's Instructions for Schedule K-1 (Form 1065).                  |  |
|   | 3 Net income (loss) from other rental activities            |  |               |   | 3   |                                   |   |  |
|   | 4 Portfolio inc   | ome (loss):                                  | •             |   |   |                                   | 1   |  |
| Income  | <b>a</b> Interest   |  |               |   | 4 a   | 3.                                | Schedule B, Part I, line 1  |  |
| (Loss)  |   | idends                                       |               |   | 4b  |                                   | Schedule B, Part II, line 5   |  |
|   | _   |  |               |   | 4c  |                                   | Schedule E, Part I, line 4  |  |
|   |   | rm capital gain (loss)                       |               |   | -4d   |                                   | Schedule D, line 5, column (f)  |  |
|   |   | term capital gain (loss)                     |               |   | 4e(1)   |                                   | Schedule D, line 12, column (f)   |  |
|   |   | e gain (loss)                                |               |   | 4e(2)<br>4e(3)  |                                   | Schedule D, line 12, column (g)<br>Line 5 of worksheet for Sch D, line 29 |  |
|   |   | d 5-year gaininçome (loss) (attach schedule) |               |   | 4e(3)   |                                   | Enter on applicable In of your return                                     |  |
|   |   | payments to partner                          |               |   | 5   | ·                                 | tine on applicable in or your return                                      |  |
| · ·   | 6 Net section   | 1231 gain (loss) (other than due             | e to casualty |   | 6   |                                   | See Partner's Instructions for Schedule K-1 (Form 1065).                  |  |
|   | •   | ne (loss) (attach schedule)                  |               | ,   | 7   |                                   | Enter on applicable in of your return                                     |  |
|   |   | ributions (see instructions) (attach sched   |               |   | 8   |                                   | Schedule A, line 15 or 16   |  |
| Deduc-<br>tions   |   |  |               |   | 9   | <del></del>                       |   |  |
|   | 10 Deductions related to portfolio income (attach schedule) |  |               |   | 10  |                                   | See Partner's Instructions for Schedule K-1 (Form 1065).                  |  |
|   |   |  |               | 7   | 11  |                                   |   |  |
|   | 12a Low-income  | housing credit:                              |               |   |   | <del></del>                       |   |  |
| ·   | (1) From section 42(j)(5) partnerships                      |  |               | •   | 12a(1)  |                                   | 5 0505 11 5   |  |
|   | (2) Other than on line 12a(1)                               |  |               |   | 12a(2)  |                                   | Form 8586, line 5   |  |
| Credits   |   | nabilitation expenditures related            |               | (   | 12 b  | ·                                 |   |  |
|   | c Credits (other than credits shown on lines 12a and 12b)   |  |               |   |   |                                   | See Partner's Instructions for  |  |
|   |   | ntal real estate activities                  |               | 1   | 12 c  |                                   | Schedule K-1 (Form 1065).   |  |
| J   | <b>d</b> Credits relate                                     | ed to other rental activities                |               | [   | 12 d  |                                   |   |  |
|   | 13 Other credits  | <b>5.,</b>                                   |               |   | 13  |                                   | <u></u>   |  |

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Schedule K-1 (Form 1065) 2002

| Schedule         | EK-1 (Form 1065) 2002 ENERGY MERCHANT ADVISORY CO.,                                       | LLC         | 06-1601720                            | Page 2   |  |  |  |  |
|------------------|---|-------------|---------------------------------------|--|--|--|--|--|
|                  | (a) Distributive share item   |             | (b) Amount                            | (c) 1040 filers enter the amount in column (b) on: |  |  |  |  |
| invest-          | 14a Interest expense on investment debts  | . 14a       |                                       | Form 4952, line 1                                  |  |  |  |  |
| ment             | b (1) Investment income included on lines 4a, 4b, 4c, and 4f                              | 14b(1)      | 3.                                    | See Partner's Instructions for                     |  |  |  |  |
| Interest         | (2) Investment expenses included on line 10   | 14b(2)      |                                       | Schedule K-1 (Form 1065).                          |  |  |  |  |
| Self-            | 15a Net earnings (loss) from self-employment  |             |                                       | Schedule SE, Section A or B                        |  |  |  |  |
| employ-          | <b>b</b> Gross farming or fishing income  | 15b         |                                       | See Partner's Instructions for                     |  |  |  |  |
| ment             | c Gross nonfarm income  | 15 c        |                                       | Schedule K-1 (Form 1065).                          |  |  |  |  |
| A -31>           | 16a Depreciation adjustment on property placed in service after 1986                      |             |                                       |  |  |  |  |  |
| Adjust-<br>ments | <b>b</b> Adjusted gain or loss  | 16b         |                                       | See Partner's                                      |  |  |  |  |
| and              | c Depletion (other than oil and gas)  | 16 c        |                                       | Instructions for Schedule K-1 (Form                |  |  |  |  |
| Tax<br>Pref-     | d(1) Gross income from oil, gas, and geothermal properties                                | 16d(1)      |                                       | 1065) and Instructions                             |  |  |  |  |
| erence           | (2) Deductions allocable to oil, gas, and geothermal properties                           | 16d(2)      |                                       | for Form 6251.                                     |  |  |  |  |
| Items            | e Other adjustments & tax preference items (attach sch)                                   | 16e         |                                       |  |  |  |  |  |
|                  | 17 a Name of foreign country or U.S. possession .   |             | . ,                                   |  |  |  |  |  |
| **               | <b>b</b> Gross income from all sources  | 17b         | enting the state of                   |  |  |  |  |  |
| i                | c Gross income sourced at partner level   | 17c         |                                       |  |  |  |  |  |
|                  | d Foreign gross income sourced at partnership level:                                      |             | 4                                     |  |  |  |  |  |
|                  | (1) Passive   | 17d(1)      |                                       | 1  |  |  |  |  |
|                  |   | 17d(2)      |                                       |  |  |  |  |  |
| Foreign<br>Taxes | (3) General limitation  | 17d(3)      |                                       | Form 1116, Part 1                                  |  |  |  |  |
|                  |   |             |                                       | Polititio, Faitt                                   |  |  |  |  |
|                  | (1) Interest expense  | 17e(1)      |                                       |  |  |  |  |  |
|                  | (2) Other   | 17e(2)      | · · · · · · · · · · · · · · · · · · · |  |  |  |  |  |
|                  |   |             |                                       |  |  |  |  |  |
|                  | (1) Passive   | 17(1)       |                                       |  |  |  |  |  |
|                  | (2) Listed categories (attach schedule)   |             |                                       | <del>  </del>                                      |  |  |  |  |
|                  | (3) General limitation  | 17((3)      |                                       |  |  |  |  |  |
|                  | g Total foreign taxes (check one): ► Paid Accrued   | 17g         |                                       | Form 1116, Part II                                 |  |  |  |  |
|                  | h Reduction in taxes available for credit (attach schedule)                               | 17h         |                                       | Form 1116, line 12.                                |  |  |  |  |
|                  | 18 a Section 59(e)(2) expenditures: a Type ►  |             | į                                     | See Partner's Instructions for                     |  |  |  |  |
|                  | <b>b</b> Amount   |             |                                       | Schedule K-1 (Form 1065).                          |  |  |  |  |
| Other            | 19 Tax-exempt interest income   |             |                                       | Form 1040, line 8b                                 |  |  |  |  |
| Other            | 20 Other tax-exempt income  |             |                                       |  |  |  |  |  |
|                  | 21 Nondeductible expenses   |             |                                       | See Partner's Instructions for                     |  |  |  |  |
|                  | 22 Distributions of money (cash and marketable securities)                                | 22          |                                       | Schedule K-1 (Form 1065).                          |  |  |  |  |
|                  | 23 Distributions of property other than money   | 23          |                                       |  |  |  |  |  |
|                  | 24 Recapture of low-income housing credit:  |             |                                       |  |  |  |  |  |
| i j              | a From section 42(j)(5) partnerships  | 24a         |                                       | - Form 8611, line 8                                |  |  |  |  |
|                  | b Other than on line 24a  | 24b         | Sadulas if same same in same          | de die   |  |  |  |  |
| }                | 25 Supplemental information required to be reported separately to each partner (attach ac | oitionai sc | nequies if more space is need         | <i>18d):</i>                                       |  |  |  |  |
|                  |   |             |                                       |  |  |  |  |  |
|                  |   | e.          |                                       |  |  |  |  |  |
| Supple-          |   |             |                                       |  |  |  |  |  |
| mental           |   |             |                                       |  |  |  |  |  |
| Infor-<br>mation |   |             |                                       |  |  |  |  |  |
|                  |   |             |                                       |  |  |  |  |  |
| - }              |   |             |                                       |  |  |  |  |  |
| ]                |   |             |                                       |  |  |  |  |  |
| Î                |   |             |                                       |  |  |  |  |  |
| }                | •   |             |                                       |  |  |  |  |  |
|                  |   |             |                                       |  |  |  |  |  |
| 1                | · ·   |             |                                       | •  |  |  |  |  |
| {                |   |             |                                       |  |  |  |  |  |

| 02  | Federa       | al Statements          |             | Page 1     |
|---|--------------|------------------------|-------------|------------|
| ent 22  | ENERGY MERCH | IANT ADVISORY CO., LLC |             | 06-1601720 |
| 5/03  |              |                        |             | 04:34PN    |
| Statement 1<br>Form 1065, Line 20<br>Other Deductions                   |              |                        | •           |            |
| ALLOCATED EXPENSES  |              |                        | \$          | 732,366.   |
| Bank Charges  |              |                        | Total \$    | 732,381.   |
| Statement 2<br>Form 1065, Schedule L, Line<br>Other Current Assets      | <b>3</b>     |                        | Beginning   | Ending     |
| DUE FROM EMC CC   |              | Total                  | \$ 201,643. |            |
| Statement 3<br>Form 1065, Schedule L, Line<br>Other Current Liabilities | 17           |                        |             |            |
|   |              |                        | Beginning   | Ending     |
|   | •            |                        | \$ 500.     | \$ 500.    |

| servenage mid                           |   |                 |   |                       |                      |   |           | 1                             | 2127000 01/25/2006 10:16               |
|---|---|-----------------|---|-----------------------|----------------------|---|-----------|-------------------------------|--|
| Form 10                                 | <b>965</b>  |                 | U.S. Return o   | of Partnersh          | aip li               | ncome                                   |           |                               | OMB No. 1545-0099                      |
| Department of                           | of the Treasury                                   | Foi             | r calendar year 2003, or tax year begini  |                       |                      | nd ending                               |           | ·                             | 2003                                   |
|   | of the Treasury                                   |                 | <del></del>   | separate Instruct     | ions.                |   | τ         |                               | <u> </u>                               |
| A Principal                             | l business activit                                | Use the         | Name of partnership   |                       |                      |   | D         | Employer                      | Identification number                  |
| INVI                                    | ESTMENT   | S label.        | ENERGY MERCHANT   | ADVISORY              | co.                  | . LLC                                   |           | 06-16                         | 01720                                  |
|   | product or servi                                  |                 | Number, street, and room or suite no. If  |                       |                      |   |           | Date busine                   |  |
| ADV                                     | ISORS   | wise,<br>print  | 369 FLORIDA HILL  |                       |                      |   |           | 1/01                          |  |
|   | s code number                                     | or type.        | City or town, state, and ZIP code   |                       |                      | _                                       | F         | Total assets<br>the instructi | s (see page 14 of<br>ons)              |
| 5239                                    | 900   |                 | RIDGEFIELD  | CT 06                 | 877                  | r<br>                                   | 1 \$      |                               | 470                                    |
| H Check                                 | applicable box<br>accounting me<br>r of Schedules | thod: (1)       | · · · · · · · · · · · · · · · · · · ·   | Accrual               | (3)                  | Other (spec                             |           |                               | Amended return 2                       |
| Caution: In                             | clude only tra                                    | de or busines   | ss income and expenses on lines 1a  | through 22 below.     | See th               | ne instructions for                     | more i    | nformation                    | 1.                                     |
|   |   |                 |   |                       |                      |   |           |                               |  |
|   | 1a Gross r  | eceipts or sa   | les   |                       | 1a                   | <u> </u>                                |           | -                             | *                                      |
|   | b Less re   | turns and all   | owances   |                       | 1b                   |   |           | 1c                            |  |
|   | 2 Cost of   | goods sold (    | Schedule A, line 8)   |                       |                      |   |           | 2                             |  |
|   | 3 Gross p   | rofit. Subtrac  | ct line 2 from line 1c  |                       | · · <i>· ·</i> · · · |   |           | 3                             |  |
| Income                                  | 4 Ordinar   | y income (los   | ss) from other partnerships, estates,   | and trusts (attach    | sch.)                | ·                                       |           | 4                             |  |
|   | 5 Net farm  | n profit (loss) | ) (attach Schedule F (Form 1040))   |                       |                      |   |           | 5                             |  |
|   | 6 Net gair  | ı (loss) from   | Form 4797, Part II, line 18   |                       |                      |   |           | 6                             | <del></del>                            |
|   | 7 Other in  | come (loss)     | (attach schedule)   |                       |                      |   |           | 7                             |  |
|   | 8 Total in  | come (loss)     | . Combine lines 3 through 7   |                       |                      |   |           | 8                             |  |
| <del></del>                             | 1   | <u></u>         |   |                       |                      | <del></del>                             | -         | 1                             |  |
|   |   |                 | (other than to partners) (less employe  |                       |                      |   |           |                               |  |
|   | 10 Guaran   | teed paymen     | ts to partners  |                       |                      |   |           | 10                            |  |
|   | 11 Repairs  | and mainter     | nance   |                       |                      |   |           | 11                            |  |
|   |   |                 |   |                       |                      |   |           | 12                            |  |
| D = = = = = = = = = = = = = = = = = = = |   |                 | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,   |                       |                      |   |           | 13                            |  |
| Deductions                              | ł .   |                 |   |                       |                      | • |           | 15                            |  |
| (see page 15<br>of the                  |   | ,,,,,,,,,,,,    | ired, attach Form 4562)   |                       |                      |   |           | 13                            |  |
| instructions                            |   |                 | ported on Schedule A and elsewhere  |                       | 16b                  |   |           | 16c                           |  |
| for limitations)                        |   |                 | educt oil and gas depletion.)   |                       |                      |   |           | 17                            |  |
| •                                       |   | ent plans, et   |   |                       |                      |   |           | 18                            |  |
|   | 19 Employ   | ee benefit pro  | ograms  |                       |                      |   |           | 19                            |  |
|   |   |                 | tach schedule)  |                       |                      |   |           | 20                            | 231,312                                |
|   | 21 Total de                                       | eductions. A    | dd the amounts shown in the far righ  | t column for lines    | 9 throu              | ıgh 20                                  |           | 21                            | 231,312                                |
|   |   |                 |   |                       |                      |   |           | 1 - T                         |  |
| <del></del>                             |   |                 | oss) from trade or business activities.  ry, I declare that I have examined this retur        |                       |                      |   | anta a    | 22                            | -231,312                               |
|   | 1   |                 | rry, i declare that i have examined this retur<br>rect, and complete. Declaration of preparer |                       |                      |   |           |                               |  |
| Sign                                    | 1   |                 | parer has any knowledge.  | (odiei trail general) | A UICI (             | or writed hability con                  | party tri | <del></del>                   | S discuss this return                  |
| Here                                    | 1110111211  | on or water pro | parer nao any miomosgo.   |                       |                      |   | 1         | •                             | eparer shown below (see                |
| . 1010                                  |   | •               | VIENT'S COPY  |                       |                      | <b>L</b>                                | 1         | instruction                   |  |
|   | Sign  | ature of genen  | partrier or limited liability company memb  | Der                   |                      | Date                                    |           |                               | ************************************** |
| *************************************** | Preparer  |                 |   | Date                  |                      | Check if                                |           | Prepa                         | rer's SSN or PTIN                      |
| <sup>2</sup> aid                        | signature   |                 |   |                       |                      | 06 self-employed                        |           |                               | 0319104                                |
| <sup>2</sup> reparer                    |   | me (or yours    | JEFFERSON, URIAN  | , DOANE &             | SI                   | ERNER, P                                | .A.       | EIN > 5                       | 51-0212284                             |
| Jse Only                                | 1   |                 | PO BOX 477  |                       |                      | 70 0455                                 | 1         | Phone                         | 000 500 5540                           |
|   | address   | and ZIP code    | OCEAN VIEW, DE  |                       | エフソ                  | 70-0477                                 | ,         | no. 3                         | 302-539-5543                           |

|             | n 1065 (2003) ENERGY MERCHANT ADVISORY CO., LLC 06-1601720   | ~ <del>~~~</del> | F          | Page 2 |
|-------------|--|------------------|------------|--------|
| <u> </u>    | chedule A Cost of Goods Sold (see page 18 of the instructions)   |                  |            |        |
| 1           | Inventory at beginning of year 1   |                  |            |        |
| 2           | Purchases less cost of items withdrawn for personal use  |                  |            |        |
| 3           | Cost of labor  |                  |            |        |
| 4           | Additional section 263A costs (attach schedule)  |                  |            |        |
| 5           | Other costs (attach schedule) 5  |                  |            |        |
| 6           | Total. Add lines 1 through 5   |                  |            |        |
| 7           | Inventory at end of year   |                  |            |        |
| 8           | Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2  |                  |            |        |
| 9a          | Check all methods used for valuing closing inventory:  |                  |            |        |
|             | (I) Cost as described in Regulations section 1.471-3   |                  |            |        |
|             | (ii) Lower of cost or market as described in Regulations section 1.471-4   |                  |            |        |
| •           | (III) Other (specify method used and attach explanation)   |                  |            |        |
| b           | Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c)  | <b>•</b>         | $\prod$    |        |
| С           | Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)  | ▶                | П          |        |
| d           | Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership?  | Yes              | П          | No     |
| е           | Was there any change in determining quantities, cost, or valuations between opening and closing inventory?   | Yes              | П          | No     |
|             | If "Yes," attach explanation.  |                  |            |        |
| Sc          | chedule B Other Information  | <del></del>      |            |        |
| 1           | What type of entity is filing this return? Check the applicable box:   |                  | Yes        | No     |
| а           | Domestic general partnership b Domestic limited partnership  |                  |            |        |
| c           | Domestic limited liability company  d Domestic limited liability partnership   | ł                | i          |        |
| e.          |  | }                |            |        |
| 2           | Are any partners in this partnership also partnerships?  |                  |            | х      |
| 3           | During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign   |                  |            |        |
|             | entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and   | 1                |            |        |
|             | 301.7701-3? If yes, see instructions for required attachment   |                  |            | X      |
| 4           | Is this partnership subject to the consolidated audit procedures of sections 6221 through 6233? If "Yes," see  |                  |            |        |
|             | Designation of Tax Matters Partner below   |                  | - 1        | х      |
| 5           | Does this partnership meet all three of the following requirements?  | ·····            |            |        |
| a           | The partnership's total receipts for the tax year were less than \$250,000;  | j                |            |        |
| b           | The partnership's total assets at the end of the tax year were less than \$600,000; and  | }                | •          |        |
| c           | Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including   | Ì                | I          |        |
| •           | extensions) for the partnership return.  | 1                | 1          |        |
|             | 1f "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065;  | 1                | - 1        |        |
|             | on Horn Lon Cabadula V 4   |                  | x          |        |
| 6           | Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805   | ····             |            |        |
| •           | and 9912. See page 20 of the instructions  |                  | - 1        | X      |
| 7           | to this marken while a publish traded performing as defined in specific ASO(VV)22  | ····             |            | X      |
| 8           | Has this partnership a publicly traded partnership as defined in section 409(k)(2)?  Has this partnership filed, or is it required to file, Form 8264, Application for Registration of a Tax Shelter?      | ·····            |            | X      |
| 9           | At any time during calendar year 2003, did the partnership have an interest in or a signature or other authority   |                  |            | _==_   |
| •           | over a financial account in a foreign country (such as a bank account, securities account, or other financial  | 1                | 1          |        |
|             | account)? See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes,"  | 1                | - 1        |        |
|             | enter the name of the foreign country.   | 1                | }          | X      |
| 0           | During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a  |                  |            |        |
| U           | foreign trust? If "Yes," the partnership may have to file Form 3520. See page 20 of the instructions   | 1                | į          | x      |
| 4           | Was there a distribution of property or a transfer (e.g., by sale or death) of a partnership interest during the tax   |                  |            |        |
| 11          |  |                  | - 1        |        |
|             | year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described under Elections Made By the Partnership on page 9 of the instructions |                  | 1          | x      |
|             |  | ·····            |            |        |
| 12          | Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached  |                  | - }        |        |
|             | to this return   |                  |            |        |
|             | signation of Tax Matters Partner (see page 20 of the instructions)   |                  |            |        |
| .nte        | r below the general partner designated as the tax matters partner (TMP) for the tax year of this return:   |                  |            |        |
|             |  |                  |            |        |
| am          | e of Identifying   |                  | <b>,</b> - | , , ,  |
| <u>esiç</u> |  | L01-58           | -5         | 160    |
| ddr         | ess of 369 FLORIDA HILL RD   | <del></del>      |            |        |
| sic         | nated TMP RIDGEFIELD CT 06877  |                  |            |        |

| Sciledo     | ile i |   |             |             |  |
|-------------|-------|---|-------------|-------------|--|
| <del></del> |       | (a) Distributive share items  |             |             | ) Total amount                             |
| •           | 1     | Ordinary income (loss) from trade or business activities (page 1, line 22)                                  |             |             | -231,312                                   |
|             | 2     | Net income (loss) from rental real estate activities (attach Form 8825)                                     |             | 2           |  |
|             | .1    | Gross income from other rental activities 3a  |             | 1 1         |  |
|             | b     | Expenses from other rental activities (attach schedule) 3b  |             | _    -      |  |
|             | C     | Net income (loss) from other rental activities. Subtract line 3b from line 3a                               | <i></i> .   | 3c          | . <u> </u>                                 |
|             | 4     | Portfolio income (loss) (attach Schedule D (Form 1065) for lines 4d and 4e):                                | <i></i> .   |             |  |
|             | a     | Interest income   |             | 4a          |  |
| Income      | Ь     | Dividends: (1) Qualified dividends (2) Total ordinary dividen   | ds 🕨        | 4b(2)       |  |
| (Loss)      |       | Royalty income  |             | 4c          |  |
| (2000)      | d     | l Net short-term capital gain (loss): (1) post-May 5, 2003 ▶ (2) Entire ye                                  | ar 🕨        | 4d(2)       |  |
|             |       | Net long-term capital gain (loss): (1) post-May 5, 2003 (2) Entire ye                                       |             | 4e(2)       |  |
|             |       | f Other portfolio income (loss) (attach schedule)   |             | 4f          |  |
|             | 5     |   |             |             | <del></del>                                |
|             |       | Net section 1231 gain (loss) (post-May 5, 2003) (attach Form 4797)  |             | <del></del> | · · · · · · · · · · · · · · · · · · ·      |
|             | h     | Net section 1231 gain (loss) (entire year) (attach Form 4797)   | • • • • •   | 6b          |  |
|             | 7     | Other income (less) (attach schedula)   |             | 7           |  |
|             | 8     | Other income (loss) (attach schedule)   | <del></del> | 8           | <del></del>                                |
|             | 9     | Charitable contributions (attach schedule)  |             | 9           | ····                                       |
| Deductions  |       | Section 179 expense deduction (attach Form 4562)  | • • • • •   | 40          |  |
|             | 10    | Deductions related to portfolio income (itemize)  | • • • • •   |             | <u>.                                  </u> |
|             | 11    | Other deductions (attach schedule)  |             | 11          |  |
| -           | 12a   | Low-income housing credit: (1) From partnerships to which section 42(j)(5) applies                          |             | 12a(1)      |  |
|             |       | (2) Other than on line 12a(1)   |             | 12a(2)      |  |
| Credits     |       | Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)           |             | 12b         | <del></del>                                |
|             |       | Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities            |             | 12c         |  |
|             | 1     | Credits related to other rental activities  |             | 12d         | <del></del>                                |
|             |       | Other credits   |             |             |  |
| Investment  | 14a   | Interest expense on investment debts  |             |             | <del> </del>                               |
| Interest    | þ     | (1) Investment income included on lines 4a, 4b(2), 4c, and 4f above   |             | 14b(1)      |  |
|             |       | (2) Investment expenses included on line 10 above   |             | 14b(2)      | 000 101                                    |
| Self-       | 15a   | Net earnings (loss) from self-employment  |             | 15a         | -208,181                                   |
| Employ-     |       | Gross farming or fishing income   |             | 15b         | <del></del>                                |
| ment        |       | Gross nonfarm income  |             | 15c         |  |
| Adjust-     |       | Depreciation adjustment on property placed in service after 1986  |             | 16a         | <del></del>                                |
| ments       |       | Adjusted gain or loss   |             | 16b         | <del></del>                                |
| and Tax     | С     | Depletion (other than oil and gas)  |             | 16c         |  |
| Preference  | d     | (1) Gross income from oil, gas, and geothermal properties   |             | 16d(1)      |  |
| tems        | !     | (2) Deductions allocable to oil, gas, and geothermal properties   |             | 16d(2)      | <del></del>                                |
|             | e     | Other adjustments and tax preference Items (attach schedule)  |             | 16e         | ·  |
|             | 17a   | Name of foreign country or U.S. possession ▶  |             | 1           |  |
|             | ì     | Gross income from all sources   | <b>.</b>    | 176         |  |
|             | C     | Gross income sourced at partner level   |             | 17c         |  |
|             | d     | Foreign gross income sourced at partnership level:  (2) Listed categories (3) Gene                          | ral         | 1 1         |  |
| Foreign     | }     | (1) Passive (2) Listed categories (attach schedule) (3) Gene limital  | ion 🕨       | 17d(3)      | <del></del>                                |
| Taxes       | e     | Deductions allocated and apportioned at partner level:  |             |             |  |
|             |       | (1) Interest expense (2) Other  | . 🕨         | 17e(2)      | <del></del>                                |
|             | f     | Deductions allocated & apprtn. at ptnrshp. level to foreign source income:  (2) 1 istad categories (2) Cone | ral         |             |  |
|             |       | (1) Passive (2) Listed categories (3) Gene limital  |             | 17f(3)      |  |
|             | g     | Total foreign taxes (check one): ▶ Paíd   |             | 17g         |  |
|             | h     | Reduction in taxes available for credit (attach schedule)   |             | 17h         |  |
|             | 18    | Section 59(e)(2) expenditures:  |             |             |  |
|             | 1     | a Type b Amoun  | t 🕨         | 18b         |  |
|             | 19    | Tax-exempt interest income  |             | 19          |  |
| Who-        | 20    | Other tax-exempt income   |             | 20          |  |
| Other       | 21    | Nondeductible expenses  | . <b>.</b>  | 21          |  |
|             | 22    | Distributions of money (cash and marketable securities)   |             | 22          | 1,013,288                                  |
|             | 23    | Distributions of property other than money  |             | 23          |  |
|             | 24    | Other items and amounts required to be reported separately to partners (attach schedule)                    |             |             |  |

| Ana      | alysis of Net Inc                             | come (Loss)                          |              |                   |          |                |                                |                                       |             |                    |       |  |
|----------|---|--------------------------------------|--------------|-------------------|----------|----------------|--------------------------------|---------------------------------------|-------------|--------------------|-------|--|
| 1        |   |                                      | lines        | 1 through 7 in co | lumn     | (b).           | From the result, subtract th   | ne                                    |             |                    |       |  |
|          | sum of Schedule I                             | K, lines 8 through 11, 14            | ta, 17       | 7g, and 18b       |          |                |                                |                                       | 11.         | -231,312           |       |  |
| 2        | Analysis by                                   |                                      | Analysis by  |                   |          | ii) Individual | (11                            | ii) In                                | dividual    | (v) E              | xempt |  |
|          | partner type:                                 | (i) Corporate                        | •            | (active)          | •        | •              | ssive) (iv) Partner            | snip i                                | nization    | (vi) Nominee/Other |       |  |
| а        | General partners                              |                                      |              |                   |          |                |                                |                                       |             |                    |       |  |
|          | Limited partners                              | -23,131                              |              |                   |          | - 2            | 08,181                         |                                       | <del></del> |                    |       |  |
|          |   |                                      | not          | required if Qu    |          |                | 5 of Schedule B is ar          | nswered "Yes                          | "           |                    |       |  |
|          |   | alance Sheets per Boo                |              |                   |          |                | of tax year                    | 12112122 1.22                         | End of ta   | x vear             |       |  |
|          |   | sets                                 |              | (a)               | <u> </u> |                | (b)                            | (c)                                   | <u> </u>    | (d)                |       |  |
| 1        |   |                                      |              | <u></u>           |          |                | 489                            | 19/                                   |             | 470                |       |  |
| 2а       | Trade notes and a                             | accounts receivable                  |              |                   |          |                |                                |                                       | <u> </u>    |                    |       |  |
| b        |   | r bad debts                          |              | <b> </b> -        |          |                | }                              | · · · · · · · · · · · · · · · · · · · |             |                    |       |  |
| 3        | Inventories                                   | i bad debts                          |              |                   |          |                | <u> </u>                       | <del></del>                           |             |                    |       |  |
|          | II C soverence to                             | obligations                          |              |                   |          |                |                                |                                       | F           |                    |       |  |
| 4        |   | obligations                          |              |                   |          |                |                                |                                       | -           |                    |       |  |
| 5<br>6   | Other current assets                          | ities                                | · · ·        |                   |          |                | 786,234                        |                                       | -           |                    |       |  |
| _        | (attach schedule)                             | SEE STMT                             | .4           |                   |          |                | 700,234                        | ·                                     | -           |                    |       |  |
| 7<br>8   | Other investments                             | l estate loans                       |              |                   |          |                | <del></del>                    |                                       | -           |                    |       |  |
| -        | (attach schedule)                             |                                      |              | ,                 |          |                |                                | ,                                     | -           |                    |       |  |
| 9a       |   | er depreciable assets                |              |                   |          |                | }-                             | <del></del>                           |             |                    |       |  |
| b        |   | depreciation                         |              |                   |          |                |                                |                                       |             |                    |       |  |
| 0a       | Depletable assets                             |                                      |              |                   |          |                | }                              | <del></del>                           |             |                    |       |  |
| þ        |   | I depletion                          |              | ļ                 |          |                |                                |                                       |             | · ·                |       |  |
| 1        |   | mortization)                         |              |                   |          |                | ļ                              |                                       | <b> </b> _  | ·                  |       |  |
| 2a       |   | (amortizable only)                   |              | ·                 |          |                | ļ.                             | · · · · · · · · · · · · · · · · · · · |             |                    |       |  |
| b        |   | amortization                         |              | <br>              |          |                |                                |                                       |             | <del> </del>       |       |  |
| 3        | Other assets (attach schedule)                |                                      |              |                   |          |                |                                |                                       | <u> </u>    |                    |       |  |
| 4        | Total assets                                  | .,,                                  |              |                   |          |                | 786,723                        |                                       | <u> </u>    | 470                |       |  |
|          |   | s and Capital                        | ı            | •                 |          |                |                                |                                       | ]           |                    |       |  |
| 5        | Accounts payable                              |                                      |              |                   |          |                |                                |                                       | <u>_</u>    |                    |       |  |
| 6        | Mortgages notes bo                            | nds navable in less than 1 v         | mar I        |                   |          |                |                                |                                       | <u> </u>    |                    |       |  |
| 7        | Other current liabilitie<br>(attach schedule) | s see stmt                           | 3            | n                 |          | i              | 975,888                        |                                       | L           |                    |       |  |
| 8        | All nonrecourse loans                         | s                                    |              |                   |          |                |                                |                                       | L           | ····               |       |  |
| 9        | Mortgages, notes, box                         | nds payable in 1 year or mo          |              |                   |          |                |                                |                                       |             |                    |       |  |
| 0        | Other liabilities (attach schedule)           |                                      |              |                   |          |                |                                |                                       |             |                    |       |  |
| 1        | Partners' capital ac                          | ccounts                              | ]            |                   |          | - 1            | -189,165                       |                                       |             | 470                |       |  |
| 2        | Total liabilities and                         | d capital                            |              |                   |          |                | 786,723                        |                                       |             | 470                |       |  |
| Sc       | hedule M-1                                    | Reconciliation o                     | fInc         | come (Loss)       | per      | Boo            | 786,723<br>oks With Income (Lo | ss) per Returi                        | 1           |                    |       |  |
| 1        |   | per books                            | L            | -231,3            | 12       | 6              | Income recorded on book        |                                       |             |                    |       |  |
| 2        |   | in Sch. K, In. 1 through             |              |                   |          |                | on Schedule K, lines 1 thr     | ough 7 (itemize):                     | 1           |                    |       |  |
|          | 4, 6b, and 7, not re                          | ecorded on books this                | 1            |                   |          | а              | Tax-exempt interest \$         |                                       |             |                    |       |  |
|          |   |                                      |              |                   | ı        |                |                                |                                       |             |                    |       |  |
|          | ,   |                                      |              |                   | }        |                |                                |                                       |             |                    |       |  |
| 3        | Guaranteed payme                              | ents (other than health              |              |                   |          | 7              | Deductions included on S       |                                       |             |                    |       |  |
|          | incurance)                                    |                                      | L            |                   | }        |                | through 11, 14a, 17g, and      | 18b, not charged                      |             |                    |       |  |
| 4        | Expenses recorded a                           | n books this year not                |              |                   |          | ·              | against book income this       | -                                     | }           |                    |       |  |
|          | included on Schedule<br>11, 14a, 17g, and 18b | e k, lines 1 through<br>o (itemize): | 1            |                   | ı        | а              | -                              |                                       |             |                    |       |  |
| a        | Depreciation \$                               |                                      |              |                   | 1        |                |                                |                                       | í           |                    |       |  |
| þ        | Travel and entertainment \$                   |                                      |              |                   | - 1      |                |                                |                                       |             |                    |       |  |
|          |   |                                      | 1            |                   | . [      | 8              | Add lines 6 and 7              |                                       |             |                    |       |  |
|          |   |                                      | 1            |                   |          | 9              | Income (loss) (Analysis of     | Net Income (Los                       | s),         | <del> </del>       |       |  |
| 5        |   | h 4                                  |              | -231,3            | 12       |                | line 1). Subtract line 8 from  |                                       | , 1         | -231,312           |       |  |
| Sc       | hedule M-2                                    | Analysis of Parti                    | ners         |                   |          | ts             |                                |                                       | <del></del> |                    |       |  |
| 1        |   | ing of year                          |              | -189,1            |          |                | Distributions: a Cash          |                                       |             | 1,013,288          |       |  |
| 2        |   | d: a Cash                            |              | 1,434,2           |          | -              | h Property                     |                                       | ····        |                    |       |  |
| -        | Suprimi contributed                           | b Property                           | 1            |                   |          | 7              | Other decreases                |                                       |             | <del></del>        |       |  |
| 3        | Net income (local)                            | per books                            |              | -231,3            | 12       |                | (                              |                                       | 1           |                    |       |  |
| 3<br>4   | Other increases                               |                                      | <del> </del> | 232,3             | ==       |                |                                |                                       | - 4         |                    |       |  |
|          | (itemize):                                    |                                      |              |                   | 1        | 8              | Add lines 6 and 7              | ,                                     | ····        | 1,013,288          |       |  |
| <b>E</b> |   |                                      | <del> </del> | 1,013,7           | 5.0      |                | Balance at end of year. Su     |                                       |             | 470                |       |  |
| ວ        | Add lines 1 through                           | II 4                                 | 1            | * * * O * O * /   | <u> </u> | 3              | Darance at enu or year. St     | innari IIIE 0 IIUI))                  | mie a ]     | <u> </u>           |       |  |

12127000 ENERGY MERCHANT ADVISORY CO., LLC 06-1601720 Federal Statements

06-1601720

FYE: 12/31/2003

## Statement 1 - Form 1065, Page 1, Line 20 - Other Deductions

| Description        | <br>Amount    |
|--------------------|---------------|
| ALLOCATED EXPENSES | \$<br>231,294 |
| BANK CHARGES       | <br>18        |
| TOTAL              | \$<br>231,312 |

1/25/2006 10:16 AM

12127000 ENERGY MERCHANT ADVISORY CO., LLC 06-1601720 Federal Statements

.06-1601720

FYE: 12/31/2003

## Statement 2 - Form 1065, Schedule L, Line 6 - Other Current Assets

| Description     | <br>Beginning<br>of Year | End<br>of Year |   |  |
|-----------------|--------------------------|----------------|---|--|
| DUE FROM EMC CC | \$<br>786,234            | \$             |   |  |
| TOTAL           | \$<br>786,234            | \$             | 0 |  |

#### Statement 3 - Form 1065, Schedule L, Line 17 - Other Current Liabilities

| Description            | <br>Beginning<br>of Year | End<br>of Year |   |  |
|------------------------|--------------------------|----------------|---|--|
| DUE TO EMC DUE TO EMMC | \$<br>500<br>975,388     | \$             |   |  |
| TOTAL                  | \$<br>975,888            | \$             | 0 |  |

1/25/2006 10:16 AM

| PARTNER# 1   | . 12  | 127000 01/25/2006 10:16 |
|--|---|-------------------------|
| Form CT Partner's Share of Modification                                | ons and Source Items Worksheet                        | ·                       |
| CT-1065  |   | 2003                    |
| Schedule K-1 For calendar year 2003, or other taxable year beginning   | and ending  |                         |
| Partner's 10 no. 101-58-5760 CT Tax Registration No.                   | Partnership's ID no.                                  | 06-1601720              |
| Partner's name, address, and ZIP code                                  | Partnership's name, address, and ZIP code             |                         |
|  | Tarantanipo namo, adarono, ana En 10000               |                         |
| MICHAEL S CORNISH  | ENERGY MERCHANT ADVISORY                              | CO T.T.C                |
| 369 FLORIDA HILL RD  | 369 FLORIDA HILL RD                                   | CO., IIIC               |
| RIDGEFIELD CT 06877  | RIDGEFIELD CT 06                                      | 6077                    |
| RIDGHT HID   | KIDGEFIELD CI O                                       | 3011                    |
| Posident D   |   | <del></del>             |
| Resident   | Partner's percentage of: Before change or termination | End of Year             |
| Nonresident  |   | 00 000000               |
| Amended  | Profit sharing %                                      |                         |
| Final X  | Loss sharing  | 90.000000%              |
| Composite filer  | Ownership of capital %                                | 90.000000%              |
| Taxes paid on behalf of nonresident partner                            |   |                         |
| Schedule D - Modifications To Federal Items                            |   |                         |
| Additions:   |   |                         |
| Interest on state and local obligations other than obligations of Cor  | nnecticut   |                         |
| Exempt-interest dividends on state and local obligations other than    |   |                         |
| •  |   |                         |
|  |   |                         |
| 4 Special depreciation allowance for qualified property placed in serv | - •   |                         |
| 5 Other additions  |   | <del></del>             |
| Out of   |   |                         |
| Subtractions:  |   |                         |
| 6 Interest on U.S. obligations   | ·····   |                         |
| 7 Dividends from certain mutual funds owning U.S. obligations          | ·····   |                         |
| 8 Certain expenses relating to income exempt from federal income to    | ax  |                         |
| 9 Special depr allowance for qualified property placed in service duri | ng the preceding year                                 | <del></del>             |
| 10 Other subtractions  |   |                         |
|  |   |                         |
| Schedule E - Connecticut Source Income                                 |   |                         |
| Ordinary income (loss) from trade or business activities               |   |                         |
| 2 Net income or (loss) from rental real estate activities              |   |                         |
| 3 Net income or (loss) from other rental activities                    |   |                         |
| 4 Portfolio income (loss)  |   |                         |
| 5 Guaranteed payments to partners                                      |   |                         |
| 6 Net gain (loss) under IRC section 1231                               |   |                         |
| 7 Other income (loss)  |   |                         |
| 8 Expense deduction for property under IRC section 179                 |   |                         |
|  |   |                         |
| 9 Other deductions   |   |                         |
| Supplemental Information   |   |                         |
|  |   |                         |
|  |   |                         |
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|  |   | <del></del>             |

| PARTNER# 2  |   | 2127000 01/25/2006 10:16              |
|---|---|---------------------------------------|
| CT Partner's Share of Modification  | ons and Source Items Worksheet                        | 2003                                  |
| Schedule K-1 For calendar year 2003, or other taxable year beginning                      | and ending  |                                       |
| Partner's ID no. 51-0383350 CT Tax Registration No.                                       | Partnership's ID no.                                  | 06-1601720                            |
| Partner's name, address, and ZIP code   | Partnership's name, address, and ZIP code             |                                       |
| EMC CAPITAL CORP  |   |                                       |
| ENERGY MERCHANT HOLDING INC   | ENERGY MERCHANT ADVISORY                              | CO., LLC                              |
| 126 EAST 56TH ST, 33 FLOOR  | 369 FLORIDA HILL RD                                   | ,                                     |
| NEW YORK NY 10022   | RIDGEFIELD CT 0                                       | 6877                                  |
| Resident  | Before change Partner's percentage of: or termination | End of Year                           |
| Nonresident X   | ,   |                                       |
| Amended   | Profit sharing %                                      | 10.000000%                            |
| Final X   | Loss sharing %  | 10.000000%                            |
| Composite filer   | Ownership of capital %                                | 10.000000%                            |
| Taxes paid on behalf of nonresident partner   |   |                                       |
| Schedule D - Modifications To Federal Items   |   |                                       |
| Additions:  |   |                                       |
| <ol> <li>Interest on state and local obligations other than obligations of Cor</li> </ol> |   | <del></del>                           |
| 2 Exempt-interest dividends on state and local obligations other than                     | Connecticut   |                                       |
| 3 Certain deductions relating to income exempt from Connecticut inc                       | come tax  |                                       |
| 4 Special depreciation allowance for qualified property placed in services.               | vice during this year                                 |                                       |
| 5 Other additions   | ·····   | <del></del>                           |
| Subtractions:   |   |                                       |
| 6 Interest on U.S. obligations  |   |                                       |
| 7 Dividends from certain mutual funds owning U.S. obligations                             | ·   |                                       |
| 8 Certain expenses relating to income exempt from federal income to                       |   |                                       |
| 9 Special depr allowance for qualified property placed in service duri                    | - · · · · · · · · · · · · · · · · · · ·               | <del></del>                           |
| 10 Other subtractions   |   |                                       |
| Schedule E - Connecticut Source Income  |   |                                       |
| Ordinary income (loss) from trade or business activities                                  |   | · · · · · · · · · · · · · · · · · · · |
| 2 Net income or (loss) from rental real estate activities                                 | ·····   |                                       |
| 3 Net income or (loss) from other rental activities                                       |   | · · · · · · · · · · · · · · · · · · · |
| 4 Portfolio income (loss)   |   |                                       |
| 5 Guaranteed payments to partners   |   | · ·                                   |
| 6 Net gain (loss) under IRC section 1231  | <del></del>   |                                       |
| 7 Other income (loss)   |   |                                       |
| 8 Expense deduction for property under IRC section 179                                    |   | <del></del>                           |
| 9 Other deductions  | ······  |                                       |
| Supplemental Information  |   |                                       |
|   |   |                                       |
|   |   |                                       |
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|   |   | <del></del>                           |
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| Form 11                              | 20                |                              | U.S. Corporation Income Tax Return For calendar year 2003 or tax year beginning , ending |  |                                   |   |                                 |   |                                       | OMB No. 1545-0123 |              |                                       |  |  |          |
|--------------------------------------|-------------------|------------------------------|--|--|-----------------------------------|---|---------------------------------|---|---------------------------------------|-------------------|--------------|---------------------------------------|--|--|----------|
|                                      |                   | Treasury                     | For calen  |  |                                   |   |                                 |   |                                       |                   |              |                                       | .  | 2003   |          |
| Department o                         |                   | ervice                       | 1/   |  | tions are se                      |   |                                 |   |                                       |                   |              |                                       |  |  |          |
| A Check If a 1 Consolidat (attach Fo | ted re<br>rm 85   | 1)                           | Use<br>IRS<br>label.   | Name<br>ENER                                 | Number, str<br>GY MER             | et, and room o                          |                                 |   |                                       | e, and ZIF        |              | 13-4                                  | 1104   |  | mber     |
| 2 Personal I<br>(attach Sc           | h. PH<br>servic   | e com.                       | Other-<br>wise,  | 126  | 72 75 CT CT CT                    | emii em                                 | 22101                           | n 131                                   | 000                                   |                   | C            | Date inc                              |  |  |          |
| (as define<br>sec. 1.441             | d In R<br> -3(c)- | e corp<br>legulations<br>see | print or type.   |  | EAST 5<br>YORK                    | 01H 21                                  |                                 | IY 1                                    |                                       |                   |              |                                       | 07/9   | page 8 of instru                                 |          |
| E Check app                          |                   |                              |  |  | <del></del>                       | al return (3)                           |                                 | ne change                               |                                       |                   | ss change \$ |                                       |  | page 8 of Instit<br>5 , 5 7 4                    | JCtions) |
| L Officer app                        |                   | Gross rcpt./                 |  | illar TOTATTI                                | <del></del>                       | b Less returns                          |                                 |   | -17/_1                                | Lydolo            | lc Bat       |                                       |  | 3,312  |          |
|                                      | 2                 |                              |  | hedule A.                                    | line 8)                           |   |                                 |   |                                       | <del></del>       |              |                                       | <del></del>                                      |  |          |
|                                      | 3                 | Gross prof                   | fit. Subtract  | ine 2 from                                   | line 1c                           |   |                                 |   |                                       |                   |              | 3                                     | <del></del>                                      |  |          |
|                                      | 4                 | Dividends                    | (Schedule C  | (, line 19)                                  |                                   |   |                                 |   |                                       |                   |              | 4                                     | <del></del>                                      | 13,112,  | 269      |
|                                      | 5                 | Interest                     | ,  | ,,   |                                   |   |                                 |   |                                       |                   |              | 5                                     |  | 28,  |          |
| ncome                                | 6                 | Gross rent                   | is.  |  |                                   |   |                                 |   |                                       |                   |              | 6                                     | 1  | <del></del>                                      |          |
|                                      | 7                 | Gross roya                   | alties   | ,  |                                   | ,                                       |                                 |   |                                       |                   |              | 7                                     | 1  |  |          |
|                                      | 8                 | Capital gai                  | in net incom   | e (attach S                                  | ich. D (Form                      | 1120))                                  |                                 |   |                                       |                   |              | 8                                     |  | 1,770,   | 733      |
|                                      | 9                 | Net gain o                   | r (loss) from  | Form 479                                     | 7, Part II, line                  | e 18 (attach F                          | form 4797)                      | )                                       |                                       |                   |              | 9                                     |  |  |          |
|                                      | 10                | Other inco                   | me (see pag  | e 9 of inst                                  | ructions-attac                    | ch schedule)                            |                                 |   | SI                                    | e si              | MT 1,        | 2 10                                  |  | 8,162,   |          |
|                                      | 11                | Total inco                   | me. Add line   | s 3 throug                                   | h 10                              |   |                                 |   |                                       |                   |              | 11                                    | <u> </u>   | 6,748,   | 223      |
|                                      | 12                | Compensa                     | ation of office  | ers (Sched                                   | ule E, line 4)                    |   |                                 |   |                                       |                   |              | 12                                    | ļ  | ··   |          |
|                                      | 13                | Salaries a                   | nd wages (le   | ss employ                                    | ment credits                      | ) , . <i>.</i>                          |                                 | . <b>.</b>                              | <i>.</i>                              |                   |              | 13                                    | ļ  |  |          |
|                                      | 14                | Repairs ar                   | nd maintenai   | nce  |                                   |   |                                 |   | <i></i>                               |                   |              | 14                                    | ļ  | <del></del>                                      |          |
|                                      | 15                | Bad debts                    |  |  |                                   |   | <i></i>                         |   |                                       |                   |              | 15                                    | <del> </del>                                     | ·  |          |
|                                      | 16                |                              |  |  |                                   |   |                                 |   |                                       |                   |              |                                       | <del> </del>                                     | <del></del>                                      |          |
| Deductions                           |                   |                              |  |  |                                   |   |                                 |   |                                       |                   |              |                                       | <del> </del>                                     |  |          |
|                                      | 18                | Chartable                    | anntohution  |  | e 11 of instru                    | otions for 10                           |                                 |   |                                       |                   |              |                                       | <del> </del>                                     | <del></del>                                      |          |
| See                                  | 19<br>20          |                              |  |  |                                   |   |                                 |   | - 1                                   |                   |              | 13                                    | <del> </del>                                     | <del>*************************************</del> |          |
| nstructions<br>or                    | 21                | Less denre                   | eciation clair   | ned on Sci                                   | nedule A and                      | elsewhere c                             | n return                        |   | 112                                   | <del></del>       |              | 21b                                   |  |  |          |
| imitations                           | 22                | Depletion                    |  |  |                                   |   |                                 |   |                                       | <del></del> -     |              |                                       | <del> </del>                                     |  |          |
| n interioris                         | 23                | •                            | • • • • • • • • • • • • • • • • • • •  |  |                                   |   |                                 |   |                                       |                   |              |                                       | <del>                                     </del> | <del></del>                                      |          |
| leductions.)                         | 24                | Pension, p                   | rofit-sharing  | . etc plan                                   | s                                 |   |                                 |   |                                       |                   |              |                                       | <del>                                     </del> |  |          |
| ,                                    | 25                | Employee                     | benefit prog   | rams   |                                   |   |                                 |   | · · · · · · · · · · · · · · · · · · · |                   |              | 25                                    |  | <del></del>                                      |          |
|                                      | 26                | Other ded                    | uctions (atta  | ch schedul                                   | e)                                |   |                                 |   |                                       |                   |              | 26                                    | <b> </b>   | ·  |          |
|                                      | 27                | Total ded                    | uctions. Add   | l lines 12 tl                                | hrough 26                         |   |                                 |   | · • • • • • • •                       |                   | 1            | 27                                    |  |  |          |
|                                      | 28                | Taxable in                   | come before  | net opera                                    | ting loss ded                     | uction and sp                           | pecial dedu                     | uctions.                                | Subtrac                               | ct line 27        | from line 1  | 1 28                                  |  | 6,748,   | 223      |
|                                      | 29                | Less: a                      | Net operatin   | g loss (NO                                   | L) deduction                      | (see page 1                             | 3 of instruc                    | ctions) 2                               | 9a                                    |                   |              |                                       |  |  |          |
|                                      |                   | b                            | Special dedu   | ictions (Sc                                  | hedule C, lin                     | e 20)                                   |                                 | 2                                       | 9b                                    | 13,               | 112,26       | 9 29c                                 |  | 3,112,2  |          |
|                                      | 30                | Taxable in                   | icome. Subt  | ract line 29                                 | oc from line 2                    |   |                                 |   |                                       |                   |              | 30                                    |  | 6,364,0  | 046      |
|                                      | 31                | Total tax (                  | Schedule J.  | line 11)                                     | .,                                | • |                                 |   |                                       | <b>.</b>          |              | 31                                    | ļ  |  | 0        |
|                                      | 32                | Payments:                    |  |  | 32a                               |   |                                 |   |                                       |                   |              |                                       | l  |  |          |
|                                      | b                 | 2003 estin<br>Less 2003 n    | nated tax pay  | yments<br>for                                | 32b                               | ··                                      |                                 |   | 1                                     |                   |              | - 1                                   |  |  |          |
|                                      |                   |                              | efund applied<br>66  |  | 32c (                             | <del></del>                             | Ja                              | Bal ▶ 3                                 |                                       |                   | <del></del>  | _                                     | 1  |  |          |
| ax and                               | e                 |                              | ited with For  |  |                                   |   |                                 | • • • • •                               | 2e                                    |                   |              |                                       |  |  |          |
| syments                              | 1                 |                              | **   |  | d capital gair                    |   |                                 | • | 2f                                    | <del></del>       | <del></del>  | -                                     | }  |  |          |
|                                      | 9                 |                              |  |  | tach Form 41                      |   | •                               |   | 2g                                    | <del></del>       |              | 32h                                   | <del> </del>                                     |  |          |
|                                      | 33                |                              |  |  | 14 of instruct<br>in the total of | •                                       |                                 |   |                                       | · · · · · · · ·   | L            | 33                                    | <del> </del>                                     | <del></del>                                      |          |
|                                      | 34<br>35          |                              |  |  | r than the tot                    |   | •                               |   |                                       | emaid             |              | 35                                    | <del> </del>                                     |  |          |
|                                      | 36                |                              |  | _  | redited to 20                     |   |                                 | inter anno                              | June Ove                              |                   | Refunded     |                                       | <del> </del>                                     |  |          |
|                                      | <u> </u>          | Under pena                   | Ities of perjury   | I declare the                                | at I have exami                   | ined this return                        | , including a                   |   |                                       | edules            |              |                                       | ss this re                                       | turn with the pre                                | eparer   |
| ign                                  | - 1               | and stateme                  | ents, and to the<br>(other than tax  | e best of my<br>paver) is bas                | knowledge and<br>sed on all infor | I belief, it is true<br>nation of which | e, correct, ar<br>n preparer ha | nd comple<br>as any kno                 | ete. Deci<br>owledae.                 | aration           | 1 '          | elow (see                             |  | X Yes  | No       |
| ere                                  | 1                 | N proportion                 | (Carlot tilbit all   | <b>,</b> , , , , , , , , , , , , , , , , , , | ,                                 | /                                       |                                 |   |                                       |                   |              |                                       |  |  | لتننا    |
|                                      |                   | Signatu                      | re of officer  | 0111   | EVILIC                            | CUPA                                    |                                 | Date                                    |                                       | <del></del>       | Title        | · · · · · · · · · · · · · · · · · · · |  |  |          |
|                                      |                   | Preparer's                   |  | ULT  | <u> </u>                          | 001                                     |                                 | Date                                    |                                       | Che               |              | Pre                                   | parer's S  | SN or PTIN                                       |          |
| rid                                  | 1                 | signature                    | <b>7</b>   | •  |                                   |   |                                 | 1/                                      | 25/0                                  | 1                 | employed     | P                                     | 0031   | 9104   |          |
| eparer'                              | s                 | Firm's name                  | or yours   |  | ERSON,                            | URIAN                                   | , DOAL                          | JE &                                    | STE                                   | RNER              | , P.A.       | EIN                                   | 51-0   | 212284   |          |
| se Only                              |                   | if self-emplo                | oyed),   |  | OX 477                            |   |                                 |   |                                       |                   |              | Phone                                 |  |  |          |
|                                      | 1                 | address, an                  | d ZIP code   | OCEA   | N VIEW                            | , DE                                    |                                 | 1                                       | 9970                                  | 0-047             | 7            | 302                                   | -539   | -5543  |          |

| orn      | 1120 (2003) ENERGY MERCHANT  |   |                                   | 3-4104912                             |                                       |   | Page         |
|----------|--|---|-----------------------------------|---------------------------------------|---------------------------------------|---|--------------|
| S        | chedule A Cost of Goods Sold   |   |                                   |                                       |                                       |   |              |
|          | Inventory at beginning of year   |   |                                   |                                       | 1                                     |   |              |
|          | Purchases  |   |                                   |                                       |                                       |   |              |
|          | Cost of labor  | • |                                   |                                       | 3                                     | <u> </u>                                | ·            |
|          | Additional section 263A costs (attach schedul  | e)                                      |                                   |                                       | 4                                     |   |              |
|          | Other costs (attach schedule)  |   |                                   |                                       | 5                                     | <u> </u>                                |              |
| •        | Total. Add lines 1 through 5   |   |                                   |                                       |                                       | <del> </del>                            |              |
| •        | Inventory at end of year   |   |                                   |                                       |                                       | <del> </del>                            |              |
| i        | Cost of goods sold. Subtract line 7 from line  |   | , page 1                          |                                       | <u>8</u>                              | <u> </u>                                |              |
| a        | Check all methods used for valuing closing in  |   |                                   |                                       |                                       |   |              |
|          | (i) Cost as described in Regulations se  |   |                                   |                                       |                                       |   | •            |
|          | (ii) Lower of cost or market as describe   | -                                       | 4/1-4                             |                                       |                                       |   |              |
| ١.       | (iii) Other (Specify method used and att   |   |                                   | 474.04-1                              | · · · · · · · · · · · · · · · · · · · |   | اسا          |
| b        | Check if there was a writedown of subnormal  | goods as described in Regi              | ulations section 1.               | 4/1-2(C)                              |                                       | • | ·- [ ]       |
| T<br>C   | Check if the LIFO inventory method was adop If the LIFO inventory method was used for this           |   |                                   |                                       |                                       | ······                                  | [            |
| d        | Inventory computed under LIFO  |   |                                   |                                       | 0.4                                   | ļ                                       |              |
| e        | If property is produced or acquired for resale, or   | do the rules of section 263             |                                   |                                       | <u>9d</u>                             | Yes                                     |              |
| e<br>F   | Was there any change in determining quantities   |   |                                   |                                       |                                       | [_] 163                                 | L "          |
| •        | attach explanation   | os, coot, or releasions seem            | cen opening and t                 | Joshig inventory : it                 | 163,                                  | Yes                                     |              |
| Sc       | chedule C Dividends and Specia   | al Deductions (see in                   | nstructions                       | (a) Dividends                         | ·····                                 |   | I deductions |
| _        | beginning on page 15   |   |                                   | received                              | (b) %                                 |   | x (b)        |
|          | Dividends from less-than-20%-owned domesti   | c corporations that are sub             | ject to the                       |                                       |                                       |   |              |
|          | 70% deduction (other than debt-financed stock  | k)                                      |                                   |                                       | 70                                    |   |              |
|          | Dividends from 20%-or-more-owned domestic  | corporations that are subje             | ect to the                        | ļ                                     |                                       |   |              |
|          | 80% deduction (other than debt-financed stock  | · · · · · · · · · · · · · · · · · · ·   |                                   |                                       | 80                                    | <u> </u>                                |              |
|          | Dividends on debt-financed stock of domestic and for   |   |                                   |                                       | see                                   |   |              |
|          | Dividends on certain preferred stock of less-th  |   |                                   | <b></b>                               | 42                                    | ļ                                       |              |
|          | Dividends on certain preferred stock of 20%-or   |   |                                   |                                       | 48                                    | <b></b>                                 |              |
| ,        | Dividends from less-than-20%-owned foreign   | corporations and certain FS             | SCs that are                      |                                       |                                       |   |              |
|          | subject to the 70% deduction   |   |                                   | <u> </u>                              | 70                                    |   |              |
|          | Dividends from 20%-or-more-owned foreign co  | orporations and certain FS0             | Us that are                       |                                       |                                       | }                                       |              |
|          |  |   |                                   | ļ                                     | 80                                    | <del> </del>                            |              |
|          | Dividends from wholly owned foreign subsidiaries sub   |   | tion 245(b))                      | <u> </u>                              | 100                                   |   |              |
|          | <b>Total.</b> Add lines 1 through 8. See page 16 of in Dividends from domestic corporations received |   | tmont                             | <b>]</b>                              | 1                                     | <b> </b>                                |              |
|          | company operating under the Small Business   |   | surieiii                          |                                       | 100                                   |   |              |
|          | Dividends from certain FSCs that are subject t   | •••                                     | tion 245(c)(1))                   | <del></del>                           | 100                                   | <b></b>                                 |              |
|          | Dividends from affiliated group members subject to the   |   | •                                 | 13,112,                               |                                       | 13.                                     | 112,26       |
|          | Other dividends from foreign corporations not i  | •                                       |                                   |                                       | = 100                                 |   |              |
|          | Income from controlled foreign corporations ur   |   |                                   |                                       |                                       |   |              |
|          | Foreign dividend gross-up (section 78)   | , , , , , , , , , , , , , , , , , , ,   |                                   |                                       |                                       |   |              |
|          | IC-DISC and former DISC dividends not include  | led on lines 1, 2, or 3 (secti          | on 246(d))                        |                                       |                                       |   |              |
|          | Other dividends  |   |                                   |                                       |                                       |   |              |
|          | Deduction for dividends paid on certain preferr  | ed stock of public utilities            |                                   |                                       |                                       |   |              |
|          | Total dividends. Add lines 1 through 17. Enter   |   | 1                                 | 13,112,                               | 269                                   |   |              |
| <u> </u> | Total special deductions. Add lines 9, 10, 11,   | 12, and 18. Enter here an               | d on line 29b, pag                | e1                                    |                                       | 13,1                                    | 112,26       |
| Sc       | hedule E Compensation of Off   |   |                                   |                                       |                                       | •                                       |              |
|          | Note: Complete Schedule E  | only if total receipts (line 1          | a plus lines 4 thro               | ugh 10 on page 1) a                   | re \$500,000 or                       | more.                                   |              |
|          | (a) Name of officer  | (b) Social security number              | (c) Percent of<br>time devoted to | Percent of c<br>stock of              | whed                                  | (f) Amount                              | of compensat |
|          |  |   | business                          | (d) Common                            | (e) Preferred                         | <del></del>                             |              |
|          |  |   | %                                 | <del> </del>                          | <del> </del>                          | %                                       |              |
|          |  |   | %                                 | <del></del>                           |                                       | %                                       |              |
|          |  |   | %                                 |                                       |                                       | %                                       |              |
|          |  |   | %                                 | <del> </del>                          |                                       | %                                       |              |
|          |  |   | %                                 | %                                     |                                       | %                                       |              |
|          | Total compensation of officers   | ,.,                                     |                                   |                                       |                                       |   |              |
|          | Compensation of officers claimed on Schedule   |   |                                   |                                       |                                       |   |              |
|          | Subtract line 3 from line 2. Enter the result her  | e and on line 12, page 1                |                                   | , , , , , , , , , , , , , , , , , , , |                                       | 1                                       |              |

| Schedule J Tax Computation (see page 17 of instructions)  Check if the cooperation is a method group, see existing crup (see excellent 1581 and 1563)  Important Members of a controlled group, see instructions on page 17.  If the box on fine 1 is checked, an enter the corporation's harve of the \$50,000, \$25,000, and \$8,925,000 taxable income bracksts (in that order):  (1) Is \$0,000)  It \$0,000   It \$   | Form | 1120'(2003) ENERGY MERCHANT HOLDING I                                       | NC          |      |                     | 13-                                     | 4104912  |                      |                      | Page      | <b>3</b> |
|---|------|---|-------------|------|---------------------|---|--|----------------------|----------------------|-----------|----------|
| ## In the note of the 1 is ghesice, since in the corporation's share of the \$50,000, 25,000, and \$8,925,000 laxable income brackets (in that order):  (1) \$ \$ 50,000 (2) \$ \$ 25,000 (3) \$ \$ 9,925,000 (3) \$ \$ 9,925,000 (3) \$ \$ 9,925,000 (3) \$ \$ \$ 1,000 (3) \$ 1,000 (3) \$ \$ 1,000 (3) \$ \$ 1,000 (3) \$ \$ 1,000 (3) \$ \$ 1,000 (3) \$ 1,000 (3) \$ \$ 1,000 (3) | Sc   | chedule J Tax Computation (see page 17 of ins                               | stru        | ctic | ns)                 |   |  |                      |                      |           |          |
| ## In the note of the 1 is ghesice, since in the corporation's share of the \$50,000, 25,000, and \$8,925,000 laxable income brackets (in that order):  (1) \$ \$ 50,000 (2) \$ \$ 25,000 (3) \$ \$ 9,925,000 (3) \$ \$ 9,925,000 (3) \$ \$ 9,925,000 (3) \$ \$ \$ 1,000 (3) \$ 1,000 (3) \$ \$ 1,000 (3) \$ \$ 1,000 (3) \$ \$ 1,000 (3) \$ \$ 1,000 (3) \$ 1,000 (3) \$ \$ 1,000 (3) | 1    | Check if the corporation is a member of a controlled group (see se          | ction       | ns 1 | 561 and             | d 1563)                                 | ▶ X  |                      |                      |           |          |
| 28 If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 laxable income brackeds in that order:  (1)   \$50,000  (2)   \$2,5000  (3)   \$9,925,000    5 Enter the corporation's share of:  (1) Additional 5% fax (for more than \$1170,000)   \$  10 Income tax: Check if a quilified personal service score under section 449(i0)(3) (see page 17)   \$  11 Income tax: Check if a quilified personal service score under section 449(i0)(3) (see page 17)   \$  12 Additions; 3 and 4   \$  13 Income tax: Check if a quilified personal service score under section 449(i0)(3) (see page 17)   \$  14 Additions; 3 and 4   \$  15 Additions; 3 and 4   \$  16 Formition to credit (chack Form 1118)   \$  16 Possession to the credit (chack Form 575)   \$  17 Outside to some had credit (chack Form 8850)   \$  18 Possession to the credit (chack Form 8850)   \$  19 Possession to academy body exell (chack Form 8850)   \$  10 Outside tosso. Check if form 5 form 8850   \$  10 Outside tosso. Check if form 5 form 8850   \$  11 Total tax. Add lines & through 10 L. Enter here and on line 31 pages   \$  12 Possession to the company tax (place of the compa  |      |   |             |      |                     | , , , , ,                               |  | 1                    | 1                    |           |          |
| income brackets fin that crotery:  (1)  | 2a   | •   |             |      | ) <b>\$</b> 25.0    | 000 and \$9                             | 925 000 taxable  |                      |                      |           |          |
| (1)   \$ 50,000   (2)   \$ 25,000   (3)   \$ 9,925,000    b Enter the corporation's share of: (1) Additional 5% tax (not more than \$1,00,000)    c Enter the corporation's share of: (1) Additional 5% tax (not more than \$1,00,000)    d Alternative minimum tax (attach Form 4626)    d Alternative minimum tax (attach Form 5831)    b Possessions tax oradi (attach Form 1973)    d Check the Soon   Form 610   CeV oresit of the Torn 6834    d General trustness crostic Check box(es) and validate which forms are attached.    G Form 3800   Form (36,90cm/t))    d Check the Soon   Form 610   George that form 8837    d Caulified zone academy bond credit (attach Form 8837)    d Caulified zone academy bond credit (attach Form 8837)    d Caulified zone academy bond credit (attach Form 8837)    d Caulified zone academy bond credit (attach Form 8830)    1 Total trax. Add lines 8 through 61    D Check threshod of accounting   Form 4526    D Check threshod of accounting   Centre   Form 4526    D Check threshod of accounting   Centre   C   | ~~   | ·   | <b>4</b> 00 | ,000 | ,, 420,0            | oo, and <del>qo</del> ,                 | ozo,ovo madolo   |                      |                      |           |          |
| b Enter the corporation's share of: (1) Additional 5% tax (not more than \$11,750) § 3 Income tax. Check if a qualified personal somic arroy under section 448(t)(3/(see page 17)) 3 Income tax. Check if a qualified personal somic arroy under section 448(t)(3/(see page 17)) 4 Alternative minimum tax (stack from 4526) 5 Add lines 3 and 4 6 Foreign tax credit (stack) Form 673.5 6 Foreign tax credit (stack) Form 673.5 7 Foreign tax credit (stack) Form 673.5 8 Foreign tax credit (stack) Form 673.5 9 Possession Nonconventional of the stack  |      |   | חר          | ıl.  |                     | (2)                                     | le 9 925 000   |                      |                      |           |          |
| Calcification   Section   |      |   |             | _    | 644                 |   |  | -                    |                      |           |          |
| Alternative minimum tax (attach Form 4626)  5 Add lines 3 and 4  6 Foreign lax credit (attach Form 1119)  6 Possessions tox credit (attach Form 1119)  6 Possessions tox credit (attach Form 1119)  6 Possessions tox credit (attach Form 5735)  6 Check:   source failer credit   0 CV oreall (att. Form 8531)  6 Check:   source failer credit   0 CV oreall (att. Form 8531)  6 Check:   source failer credit   0 CV oreall (att. Form 8531)  6 Check:   source failer credit   0 CV oreall (att. Form 8531)  6 Check:   source failer credit   0 CV oreall (att. Form 8531)  6 Check:   source failer credit   0 CV oreall (att. Form 8531)  6 Check:   source failer credit   0 CV oreall (att. Form 8531)  6 Check:   source failer credit   0 CV oreall (att. Form 8531)  6 Check:   source failer credit   0 CV oreall (att. Form 8531)  7 Chall for form 1100   5 Check:   1 Form 8501  7 Total credit. Add lines 8 through 10 Enter here and on land 31, page 1  1 Total tax. Add lines 8 through 10 Enter here and on land 31, page 1  1 Total tax. Add lines 8 through 10 Enter here and on land 31, page 1  1 Total tax. Add lines 8 through 10 Enter here and on land 31, page 1  1 Total tax. Add lines 8 through 10 Enter here and on land 31, page 1  1 Total tax. Add lines 8 through 10 Enter here and on land 31, page 1  1 Total tax. Add lines 8 through 10 Enter here and on land 31, page 1  1 Total tax. Add lines 8 through 10 Enter here and on land 31, page 1  1 Total tax. Add lines 8 through 10 Enter here and on land 31, page 1  1 Total tax. Add lines 8 through 10 Enter here and on land 31, page 1  1 Total tax. Add lines 8 through 10 Enter here and on land 31, page 1  1 Total tax. Add lines 8 through 10 Enter here and on land 31, page 1  1 Total tax. Add lines 8 through 10 Enter here and on land 31, page 1  2 See page 21 of the instructions and arise the land tax lines through tax lines tax   | b    |   |             |      |                     |   |  | 1                    | j                    |           |          |
| 4 Altornative minimum tax (attach Form 436S)  Add lines a credit (attach Form 1118)  b Possession's tox credit (attach Form 1118)  c Possession's tox credit (attach Form 1118)  b Possession's tox credit (attach Form 573S)  c Credit (a prior tox credit (attach Form 583Y)  d General business credit. Check box(es) and indicate withor forms are attached.  ∫ Form 3800   |      | •                                     |             |      | •                   |   | ·  | -                    |                      |           | _        |
| 5 Add lines 3 and 4  6 Foreign tax credit (attach Form 5735)  6 Nonconventional  Check III Amontonional Control (attach Form 5735)  6 Check III Amontonional Control (attach Form 5735)  6 Check III Amontonional Control (attach Form 5847)  6 Check III Amontonional Control (attach Form 5847)  6 Check III Amontonional Control (attach Form 5847)  6 Condit for prior year minimum tox (attach Form 5847)  6 Condit for prior year minimum tox (attach Form 5847)  7 Condition of prior year minimum tox (attach Form 5847)  8 Subtract line 7 from line 5  9 Personal holding company tax (attach Schedule PH (Form 1120))  10 Other taxes. Check If from: Form 4255   Form 8616   Form 8697  11 Total tax. Add lines 8 Brough 10. Enter hare and on line 31, page 1  11 Total tax. Add lines 8 Brough 10. Enter hare and on line 31, page 1  12 Check method of accounting a Cath Schedule PH (Form 1120)  13 Check under K Other Information (seep page 19 of instructions)  14 Check method of accounting a Cath Schedule PH (Form 4255)  15 Check method of accounting a Cath Schedule PH (Form 4255)  16 Check method of accounting a Cath Schedule PH (Form 4255)  17 Control tax, add lines 8 Brough 10. Enter hare and on line 31, page 1  18 Subtract line 7 from 1860   Total tax. Add lines 8 Brough 10. Enter hare and on line 31, page 1  19 Control tax. Add lines 8 Brough 10. Enter hare and on line 31, page 1  10 Check method of accounting a Cath Schedule PH (Form 4255)  11 Check method of accounting a Cath Schedule PH (Form 4255)  12 Check method of accounting a Cath Schedule PH (Form 4255)  13 Check method of accounting a Cath Schedule PH (Form 4255)  14 Total tax. Add lines 8 Brough 10. Enter hare and on line 31, page 1  15 Check method of accounting a Cath Schedule PH (Form 4255)  16 Check method of accounting a Cath Schedule PH (Form 4255)  17 Control tax. Add lines 8 Brough 10. Enter hare and on line 10. In the cath Schedule In the account of the accounting and accounting a Cath Schedule PH (Form 4255)  16 Check method of accounting a cath Schedule In th   | 3    |   |             |      |                     |   |  | 3                    |                      |           | _0       |
| 5 Add lines 3 and 4  6 Foreign tax credit (attach Form 5735)  6 Nonconventional  Check III Amontonional Control (attach Form 5735)  6 Check III Amontonional Control (attach Form 5735)  6 Check III Amontonional Control (attach Form 5847)  6 Check III Amontonional Control (attach Form 5847)  6 Check III Amontonional Control (attach Form 5847)  6 Condit for prior year minimum tox (attach Form 5847)  6 Condit for prior year minimum tox (attach Form 5847)  7 Condition of prior year minimum tox (attach Form 5847)  8 Subtract line 7 from line 5  9 Personal holding company tax (attach Schedule PH (Form 1120))  10 Other taxes. Check If from: Form 4255   Form 8616   Form 8697  11 Total tax. Add lines 8 Brough 10. Enter hare and on line 31, page 1  11 Total tax. Add lines 8 Brough 10. Enter hare and on line 31, page 1  12 Check method of accounting a Cath Schedule PH (Form 1120)  13 Check under K Other Information (seep page 19 of instructions)  14 Check method of accounting a Cath Schedule PH (Form 4255)  15 Check method of accounting a Cath Schedule PH (Form 4255)  16 Check method of accounting a Cath Schedule PH (Form 4255)  17 Control tax, add lines 8 Brough 10. Enter hare and on line 31, page 1  18 Subtract line 7 from 1860   Total tax. Add lines 8 Brough 10. Enter hare and on line 31, page 1  19 Control tax. Add lines 8 Brough 10. Enter hare and on line 31, page 1  10 Check method of accounting a Cath Schedule PH (Form 4255)  11 Check method of accounting a Cath Schedule PH (Form 4255)  12 Check method of accounting a Cath Schedule PH (Form 4255)  13 Check method of accounting a Cath Schedule PH (Form 4255)  14 Total tax. Add lines 8 Brough 10. Enter hare and on line 31, page 1  15 Check method of accounting a Cath Schedule PH (Form 4255)  16 Check method of accounting a Cath Schedule PH (Form 4255)  17 Control tax. Add lines 8 Brough 10. Enter hare and on line 10. In the cath Schedule In the account of the accounting and accounting a Cath Schedule PH (Form 4255)  16 Check method of accounting a cath Schedule In th   | 4    | Alternative minimum tax (attach Form 4626)                                  |             |      | <b>.</b>            |   |  | 4                    |                      |           |          |
| b Possessions tax cordit (attach Form \$735). c Check:  | 5    |   |             |      |                     |   |  | 5                    |                      |           | 0        |
| b Possessions tax cordit (attach Form \$735). c Check:  | 6a   | Foreign tax credit (attach Form 1118)                                       |             |      |                     | 6a                                      | •  |                      |                      |           |          |
| C Check:   Nonconventional   CEV credit (at Form 884)   Sc   Secretary but remained   CEV credit (at Form 884)   Secretary but remained   Secreta   | b    | Possessions tax credit (attach Form 5735)                                   |             |      |                     | ایما                                    |  | ]                    |                      |           |          |
| d General business credit. Check box(es) and indicate which forms are attached.    Form 3800   Form(s) (specify) >  | c    | Check: Nonconventional QEV credit (att. Form 8834)                          |             |      |                     |   |  | 1                    |                      |           |          |
| □ From 3800 From(s) (specify) ► □ Califit for prior year minimum tax (attach Form 8827) □ Form 8860 □   | ď    |   |             |      |                     |   |  | 1                    |                      |           |          |
| e Cedified prior year minimum tax (attach Form 8827)  7   | -    | 5 2000  |             |      |                     | 64                                      |  |                      |                      |           |          |
| Total creates Add lines & through 15   Subtract line 7 from line 5   9   Personal holding company bx (attach Schedule PH Form 1120))   9   9   10   Other taxes. Check if from \$120   10   Other taxes. Check if from \$120   11   Total tax. Add lines & through 10   Enter here and on line 31, page 1   11   00   Schedule K  | _    |   |             |      |                     |   |  | 1 1                  |                      |           |          |
| Total credits. Add lines 8a through 8f Subtract line 7 from line 5 Personal holding company tax (attach Schedule PH (Form 1120)) Under taxes. Check if from:  |      |   |             |      |                     |   | <del></del>  | 1 1                  |                      | •         |          |
| 8 Subtract line 7 from line 5 Personal holding company tax (attach Schedule PH (Form 1120)) 10 Other taxes. Check if from:  |      |   |             |      |                     |   |  | 1 _ 1                |                      |           |          |
| 9 Personal holding company tax (attach Schedule PH (Form 1120)) 10 Other taxes. Check if from:  | 7    |   |             |      |                     |   |  |                      | <del></del>          |           |          |
| 10 Other taxes. Check if from:  | 8    | .,,.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,                                       |             |      | <i></i> .           |   |  | <del></del>          |                      |           |          |
| Total tax, Add lines 8 through 10. Enter here and on line 31, page 1   1   0  | 9    |   |             |      | <b>.</b>            | <i></i>                                 | ,  | 9                    |                      |           |          |
| Total tax. Add lines 8 through 10. Enter here and on line 31, page 1   Check method of accounting: a  | 10   |   |             |      | -                   |   |  | 1                    |                      |           |          |
| Schedule K Other Information (see page 19 of instructions)  1 Check method of accounting a  |      | Form 8866 Other (att  | ach         | sche | edule) <sub>.</sub> |   | , . , . ,  | 10                   |                      |           |          |
| Check method of accounting: a   | 11   | Total tax. Add lines 8 through 10. Enter here and on line 31, page          | 1           |      |                     | <del> </del>                            | <u> </u>   | 11                   |                      |           | 0        |
| b   | Sc   | hedule K Other Information (see page 19 of in                               | stru        | ctic | ons)                |   | <del> </del>   | <del></del>          |                      |           |          |
| 2 See page 21 of the instructions and enter the:  a Business activity > HOLDING COMPANY  Product or service > MANAGEMENT  At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)  If Yes, ** ratic a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.  It is the corporation a subsidiary in an affiliated group or a parent-subsidiery controlled group?  If Yes, ** reiter name and Ein of the parent corp. ▶ 13 - 3855623  ENERGY MERCHANT CORP  I At the end of the tax year, did any individual, partnership, corporation, estate, or truck own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c))  During this tax year, did any individual, partnership, corporation, estate, or truck showing name and identifying number. (Do not include any information already entered in 4 shows). Enter percentage owned ▶ 1,00 , 0,00  During this tax year, did the corpor, pay dividued (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) if Yes, **life Form 5472, information  X  If the corporation may have to file Form 5472, information and on Form 851, Affillations and employer identification in mumber (EIN), (b) percentage owned, and (c) taxable income or (loss) before NCL and such that such as the such as the such such as the employer dend the corporation may have to file Form 5472, Information  At the end of the tax year, did the corporation? (For number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NCL and the corporation mumber (EIN), (b) corporation section 30 file Form 5472, information and the form 5271, information and informat   | 1    | Check method of accounting: a Cash  | Yes         | No   | 7                   | At any time                             | during the tax year, did one fo                                    | reign pe             | rson own, directly   | Yes       | No       |
| classes of stock of the corporation eritified to vote or (b) the total value of all classes of stock of the corporation?  If Yes, "eiter percentage owned, and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ≥ 1.00 . 0.00  During this tax year, did the corporation already entered in 4 above.) Enter percentage owned ≥ 1.00 . 0.00  During this tax year, did the corporation already entered in 4 above.) Enter percentage owned ≥ 1.00 . 0.00  During this tax year, did any information already entered in 4 above.) Enter percentage owned ≥ 1.00 . 0.00  Nondividend Distributions.  If Yes, "life Form \$452, Corporate Report of Nondividend Distributions."  If Yes, "life Form \$452, Corporate Report of Nondividend Distributions."  If Yes, "life Form \$452, Corporate Report of Nondividend Distributions."  If Yes, "life Form \$452, Corporate Report of Nondividend Distributions."  If Yes, "life Form \$452, Corporate Report of Nondividend Distributions."  If Yes, "life Form \$452, Corporate Report of Nondividend Distributions."  If Yes, "life Form \$452, Corporate Report of Nondividend Distributions."  If Yes, "life Form \$452, Corporate Report of Nondividend Distributions."  If Yes, "life Form \$452, Corporate Report of Nondividend Distributions."  If Yes, "life Form \$452, Corporate Report of Nondividend Distributions."  If Yes, "life Form \$452, Corporate Report of Nondividend Distributions."  If Yes, "life Form \$452, Corporate Report of Nondividend Distributions."  If Yes, "life Form \$452, Corporate Report of Nondividend Distributions."  If Yes, "life Form \$452, Corporate Report of Nondividend Distributions."  If Yes, "life Form \$452, Corporate Report of Nondividend Distributions."  If Yes, "life Form \$452, Corporate Report of Nondividend Distributions."  If Yes, "life Form \$452, Corporate Report of Nondividend Distributions."  If Yes, "life Form \$452, Corporate Report of Nondividend Distributions."  If Yes, "life Form \$452, Corporate Report of Nondividend Distributions."  If Yes  |      | b X Accrual c Other   |             |      | i                   | or indirectly,                          | at least 25% of (a) the total v                                    | oting po             | wer of all           |           |          |
| 2 See page 21 of the instructions and enter the: a Business activity toode no. ▶ 525990 b Business activity to MOLDITING COMPANY c Product or service ▶ MANAGEMENT  3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)  If "Yes," attach a schedule showing: (a) name and employer identification number (EN), (b) percentage owned, and (c) taxable income or (loss) before NOt, and special deductions of such corporation for the tax year ending with or within your tax year.  It is the corporation a subsidiary in an affiliated group or a pannet-subsidiary controlled group?  If "Yes," enter name and EIN of the parent corp. ▶ 13 – 3855623  ENERGY MERCHANT CORP  If "Yes," enter name and EIN of the parent corp. ▶ 13 – 3855623  ENERGY MERCHANT CORP  If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶ 10.0.00  During this tax year, did the corporation's woing stock? (For rules of attributions, see section 267(c).)  If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶ 10.0.00  During this tax year, did the corporation's woing stock? (For rules of attributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)  If "Yes," if Form 452, Corporate Report of the tax year and its total assests at the end of the tax year and its total assests at the end of the tax year and its total assests at the end of the tax year and its total assests at the end of the tax year and its total assests at the end of the tax year and its total assests at the end of the tax year and its total assests at the end of the tax year and its total assests at the end of the tax year and its total assests at the end of the tax year and its total assests at the en   |      | . <del> </del>  | ]           |      | ,                   | classes of st                           | tock of the corporation entitled                                   | to vote              | or (b) the total     | 1         |          |
| Business activity Code no. ▶ 52.59.90  b Business activity ▶ HOLDING COMPANY  c Product or service ▶ MANAGEMENT  3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)  If "res," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOt, and special deductions of such corporation for the tax year ending with or within your tax year.  It is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?  If "Yes," enter name and EIN of the parent corp. ▶ 13 – 3855623  ENERGY MERCHANT CORP  At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)  STMT 4  If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in a labove.) Enter percentage owned ▶ 1,00,000  During this tax year, did the corp. pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If "Yes," file Form 5452, Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.  | 2    | ***************************************                                     | 1           |      | }                   | value of all o                          | classes of stock of the corpora                                    | tion?                |                      | 1         | X        |
| b Business activity ► HOLDING COMPANY c Product or service ➤ MANAGEMENT 3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the volting stock of a domestic corporation? (For rules of attribution, see section 287(c).)  If "Yes," attach a schedule showing: (a) name and employer identification number (ENN), (b) percentage owned, and (c) taxable income or (loss) before NOt, and special deductions of such corporation for the tax year ending with or within your tax year.  It is the corporation as subsidiary in an affiliated group or a parent-subsidiary controlled group?  If "Yes," enter name and EIN of the parent corp ► 13 - 3855623  ENERGY MERCHANT CORP  If "Yes," enter name and EIN of the parent corp ► 13 - 3855623  If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶ 1,00,000  During this tax year, did the corp, pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's courtent and accumulated earnings and profits' (See sections 301 and 316.) If "Yes," file Form \$421, Information Return of 25%, Foreign-Cowned U.S. Corporation Stozed or Between of 1 as 25%, Foreign-Cowned U.S. Corporation is sused publicly offered debit Instruments with original issue devible) offered debit Instruments with original issue divided to the corporation in section Engaged in a U.S. Trade or Business. Enter number of Forms \$472, Information Return of 25%, Foreign-Cowned U.S. Corporation is sused publicly offered debit Instruments with original issue devible of the corporation in section Engaged in a U.S. Trade or Business. Enter number of Forms \$472, Information Return of Forms  |      | · · ·   |             |      | İ                   |   | (1)  |                      |                      |           |          |
| C Product or service ► MANAGEMENT  3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)  If "Yes," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOt, and special deductions of such corporation from the tax year ending with or within your tax year.  If "Yes," enter name and EIN of the parent corp. ► 13 - 3855623  ENERGY MERCHANT CORP  1 At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)  STMT 4  If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶ 100.000  During this tax year, did the corp, pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's corporation is nexthange for stock) in excess of the corporation's voting stock? (See sections 301 and 316.) if "Yes," file Form 8542, Corporate Report of Nondividend Distributions.  If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.   | _    |   |             |      | ĺ                   |   |  |                      |                      |           |          |
| At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)  If "Yes," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOt, and special deductions of such corporation for the tax year ending with or within your tax year.  Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?  If "Yes," enter name and EIN of the parent corp. ▶ 13 − 3855623  ENERGY MERCHANT CORP  If "Yes," enter name and EIN of the parent corp. ▶ 13 − 3855623  ENERGY MERCHANT CORP  If "Yes," attach a schedule showing in didudual, partnership, corporation, satate, or frust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, set section 261(c))  During this tax year, did the corp. pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) if "Yes," file Form \$452, Corporate Report of Nondividend Distributions.  If this is a consolidated return, answer here for the parent corporation and on Form \$51, Affiliations Schedule, for each subsidiary.  |      |   |             |      | _                   | • •                                     |  | 72 Info              | mation               |           |          |
| Foreign Corporation Engaged in a U.S. Trade or Business.  attribution, see section £87(c).  If "Yes," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.  It is the corporation a subsidiary on an affiliated group or a parent-subsidiary controlled group?  If "Yes," enter name and EIN of the parent corp. ▶ 13 - 38.55.62.3  ENERGY MERCHANT CORP  If "Yes," enter name and EIN of the parent corp. ▶ 13 - 38.55.62.3  ENERGY MERCHANT CORP  If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶ 100.000  During this tax year, did the corp, pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation?  If "Yes," attach a schedule amings and profits? (See sections 301 and 316.) If "Yes," file Form \$452, Corporate Report of Nondividend Distributions.  If this is a consolidated return, answer here for the parent corporation and on Form \$51, Affiliations Schedule, for each subsidiary.   | _    |   |             |      |                     | •                                       | •  | -                    |                      |           |          |
| attribution, see section 267(c).)  If "Yes," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOt, and special deductions of such corporation for the tax year ending with or within your tax year.  It is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?  If "Yes," enter name and EIN of the parent corp. ▶ 13 - 3855623  ENERGY MERCHANT CORP  If At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)  STMT 4  If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Einter percentage owned ▶ 100.000  During this tax year, did the corp, pay dividuals (after than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If "Yes," file Form \$452, Corporate Report of Nondividend Distributions.  If this is a consolidated return, answer here for the parent corporation and on Form \$51, Affiliations Schedule, for each subsidiary.  | 3    |   |             |      | l                   |   | <del>-</del>   |                      |                      | 1 1       |          |
| ff "Yes," attach a schedule showing: (a) name and employer identification number (EN), (b) percentage owned, and (c) taxable income or (loss) before NOt and special deductions of such corporation for the tax year ending with or within your tax year.  Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?  If "Yes," enter name and EIN of the parent corp. ▶ 13 – 3855623  ENERGY MERCHANT CORP  If At the end of the tax year, did any individual, partnership, corporation, estate, or frust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)  STMT 4  If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶ 100.000  During this tax year, did the corp. pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If "Yes," file Form \$452, Corporate Report of Nondividend Distributions.  If this is a consolidated return, answer here for the parent corporation and on Form \$51, Affiliations Schedule, for each subsidiary.   |      |   | ·           |      |                     |   | ·  | aue or E             | ousiness.            | 1 1       |          |
| number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.  It is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?  If "Yes," enter name and EIN of the parent corp. ▶ 13 - 3855623  ENERGY MERCHANT CORP  If At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)  If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶ 100.000  During this tax year, did the corp. pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If "Yes," file Form 5452, Corporate Report of Nondividend Distributions.  If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.    At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)    STMT 4   |      | ***************************************                                     | <u> </u>    |      |                     |   |  |                      |                      | 1 1       |          |
| NOL and special deductions of such corporation for the tax year ending with or within your tax year.  STMT 3  Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?  If "Yes," enter name and ElN of the parent corp. ▶ 13 - 3855623  ENERGY MERCHANT CORP  At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)  STMT 4  If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶ 100.000  During this tax year, did the corp. pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If "Yes," file Form 5452, Corporate Report of  Nondividend Distributions.  If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.  If "Yes," the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.  Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$  Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$  Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$  Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$  Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$  If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ▶ X  If the corporation is filing a consolidated return, the statement required by Temporary Regulations section 1.1502-21T (b)(3)(i) or (ii) must be attached or the election will not be valid.  Enter the amount of avexempt interest received or accrued during the tax ye  |      |   |             |      | 8                   |   |  | -                    |                      | 1         |          |
| It is the corporation a subsidiary ontrolled group or a parent-subsidiary controlled group?   X   X   X   X   X   X   X   X   X   |      | number (EIN), (b) percentage owned, and (c) taxable income or (loss) before | •           |      | ļ                   | debt instrum                            | ients with original issue discou                                   | int                  | ▶ ⊔                  | 1 1       |          |
| It see corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?  If "Yes," enter name and EIN of the parent corp. ▶ 13 – 38.55.623  ENERGY MERCHANT CORP  If At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)  STMT 4  If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶ 100.000  During this tax year, did the corp. pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If "Yes," file Form 5452, Corporate Report of  Nondividend Distributions.  If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.  9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ 0  10 Enter the number of shareholders at the end of the tax year (if 75 or fewer) ▶ 1  11 if the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ▶ X  If the corporation is filing a consolidated return, the statement required by Temporary Regulations section 1.1502-21T (b)(3)(i) or (ii) must be attached or the election will not be valid.  12 Enter the awailable NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) ▶\$  13 Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year less than \$250,000?  X  If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions (other than cash) made during the tax year P\$   |      | NOL and special deductions of such corporation for the tax year ending      |             |      | }                   | If checked, t                           | he corporation may have to fil                                     | e Form               | 8281, Information    | 1 1       |          |
| accrued during the tax year   |      | with or within your tax year. STMT 3  |             |      | l                   | Return for P                            | ublicty Offered Original Issue I                                   | Discoun              | t Instruments.       | 1 1       |          |
| ENERGY MERCHANT CORP  i At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)  STMT 4  If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶ 100.000  During this tax year, did the corp. pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If "Yes," file Form 5452, Corporate Report of Nondividend Distributions.  If this is a consolidated return, answer here for the parent corporation and on Form 851, Affillations Schedule, for each subsidiary.  10 Enter the number of shareholders at the end of the tax year and is electing to forego the carryback period, check here IX  If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here IX  If the corporation is filing a consolidated return, the statement required by Temporary Regulations section 1.1502-21T  (b)(3)(i) or (ii) must be attached or the election will not be valid.  12 Enter the number of shareholders at the end of the tax year and is electing to forego the carryback period, check here IX  (b)(3)(i) or (ii) must be attached or the election will not be valid.  12 Enter the number of shareholders at the end of the tax year and is electing to forego the carryback period, check here IX  (b)(3)(i) or (ii) must be attached or the election on line 29a.) ▶  12 Enter the number of shareholders at the end of the tax year and is electing to forego the carryback period, check here IX  (b)(3)(i) or (ii) must be attached or the election on line 29a.) ▶  13 Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000?  13 H "Yes," the corpor  | U.   | Is the corporation a subsidiary in an affiliated group or a                 |             |      | 9                   |   | · · · · · · · · · · · · · · · · · · ·                              |                      |                      | 1 1       |          |
| year (if 75 or fewer) ▶ 1  11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ★ ▼  12 If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶ 1.00.000  During this tax year, did the corp. pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If "Yes," file Form 5452, Corporate Report of Nondividend Distributions.  If this is a consolidated return, answer here for the parent corporation and on Form 851, Affillations Schedule, for each subsidiary.  |      |   |             |      | ]                   | accrued duri                            | ing the tax year 🕨 💲 🚃   |                      | 0                    | 1 1       |          |
| year (if 75 or fewer) ▶ 1  11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ★ ▼  12 If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶ 1.00.000  During this tax year, did the corp. pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If "Yes," file Form 5452, Corporate Report of Nondividend Distributions.  If this is a consolidated return, answer here for the parent corporation and on Form 851, Affillations Schedule, for each subsidiary.  |      | If "Yes," enter name and EIN of the parent corp. ▶ 13-3855623               |             |      | 10                  | Enter the nu                            | mber of shareholders at the e                                      | nd of the            | e tax                | 1 1       |          |
| if the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)  If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶ 100.000  During this tax year, did the corp. pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If "Yes," file Form 5452, Corporate Report of Nondividend Distributions.  If this is a consolidated return, answer here for the parent corporation and on Form 851, Affillations Schedule, for each subsidiary.  11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here  X  If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here  X  If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here  X  If the corporation is filing a consolidated return, the statement required by Temporary Regulations section 1.1502-21T (b)(3)(i) or (ii) must be attached or the election will not be valld.  12 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line  29a.) ▶\$  13 Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000?  X  If "Yes," the corporation is not required to complete Schedules L. M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions (other than cash) made during the tax year ▶\$  | E    |   |             |      | 1                   | year (if 75 or                          | r fewer) 🕨 1   |                      |                      | 1 1       |          |
| electing to forego the carryback period, check here    X  | i    | At the end of the tax year, did any individual, partnership,                |             |      | 11                  |   |  |                      |                      | 1 1       |          |
| 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)  STMT 4  If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶ 100.000  During this tax year, did the corp. pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If "Yes," file Form 5452, Corporate Report of  Nondividend Distributions.  If the corporation is filing a consolidated return, the statement required by Temporary Regulations section 1.1502-21T (b)(3)(i) or (ii) must be attached or the election will not be valid.  Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) ▶\$  Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000?  If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year ▶\$  |      |   | 1           |      | 1                   | •                                       | •  |                      | . ===                | 1 1       |          |
| statement required by Temporary Regulations section 1.1502-21T  (b)(3)(i) or (ii) must be attached or the election will not be valid.  12 Enter the available NOL carryover from prior tax years  (Do not include any information already entered in 4 above.) Enter percentage owned ▶ 100.000  During this tax year, did the corp. pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)  If "Yes," file Form 5452, Corporate Report of  Nondividend Distributions.  If this is a consolidated return, answer here for the parent corporation and on Form 851, Affillations Schedule, for each subsidiary.  **STMT 4  |      | •   | ļ           |      |                     |   | •  |                      |                      |           |          |
| If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned  100.000  During this tax year, did the corp. pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)  If "Yes," file Form 5452, Corporate Report of  Nondividend Distributions.  If this is a consolidated return, answer here for the parent corporation and on Form 851, Affillations Schedule, for each subsidiary.  (b)(3)(i) or (ii) must be attached or the election will not be vaild.  Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) \$  Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000?  If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year \$ \$   |      | et man erro. A  | x           |      | •                   | •                                       | <u>-</u>   |                      |                      | 1 1       |          |
| number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶ 100.000  During this tax year, did the corp. pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)  If "Yes," file Form 5452, Corporate Report of  Nondividend Distributions.  If this is a consolidated return, answer here for the parent corporation and on Form 851, Affillations Schedule, for each subsidiary.  12 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) ▶\$  13 Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000?  X  If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year ▶\$  |      | of distribution, does declared to (e),                                      |             |      | 1                   |   |  |                      |                      |           |          |
| in 4 above.) Enter percentage owned 100.000  During this tax year, did the corp. pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)  If "Yes," file Form 5452, Corporate Report of  Nondividend Distributions.  If this is a consolidated return, answer here for the parent corporation and on Form 851, Affillations Schedule, for each subsidiary.  (Do not reduce it by any deduction on line 29a.) \$  Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000?  X  If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year \$  \$\$\infty\$   |      |   | 1           |      | 12                  |   |  |                      |                      |           |          |
| During this tax year, did the corp. pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)  If "Yes," file Form 5452, Corporate Report of  Nondividend Distributions.  If this is a consolidated return, answer here for the parent corporation and on Form 851, Affillations Schedule, for each subsidiary.  29a.)   13 Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000?  X  If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year \$\$  |      |   | ,           |      |                     |   | ·  |                      |                      |           |          |
| and distributions in exchange for stock) in excess of the corporation's  current and accumulated earnings and profits? (See sections 301 and 316.)  If "Yes," file Form 5452, Corporate Report of  Nondividend Distributions.  If this is a consolidated return, answer here for the parent  corporation and on Form 851, Affillations Schedule, for  each subsidiary.  13 Are the corporation's total receipts (line 1a plus lines 4  through 10 on page 1) for the tax year and its total assets  at the end of the tax year less than \$250,000?  X  If "Yes," the corporation is not required to complete  Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax  year \$\infty\$   |      |   | 1           |      | 1                   |   | ·  |                      |                      |           |          |
| through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000?  If "Yes," file Form 5452, Corporate Report of  Nondividend Distributions.  If this is a consolidated return, answer here for the parent corporation and on Form 851, Affillations Schedule, for each subsidiary.  If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year \$\infty\$\$  |      |   |             |      | 42                  | •                                       |  |                      |                      |           |          |
| at the end of the tax year less than \$250,000?  Nondividend Distributions.  If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year >\$   |      | and distributions in exchange for stock) in excess of the corporation's     |             |      | 13                  | -                                       |  | •                    |                      | } }       |          |
| Nondividend Distributions.  If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax  year  \$\Bigsir \bigsir  |      | current and accumulated earnings and profits? (See sections 301 and 316.)   |             | X    | 1                   | •                                       |  |                      |                      |           |          |
| Nondividend Distributions.  If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax  each subsidiary.  If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax  year  \$\Bigsis\$   |      | If "Yes," file Form 5452, Corporate Report of                               |             | 1    |                     | at the end or                           | f the tax year less than \$250,0                                   | 00?                  |                      |           | X        |
| If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax each subsidiary.  |      |   | ĺ           |      |                     | 14 W. / W. O                            |  |                      | _                    | 1         |          |
| each subsidiary. year ▶\$   |      |   |             | 1    | 1                   | or yes," the<br>Schedules L             | corporation is not required to<br>, M-1, and M-2 on page 4. Ins    | complete<br>tead, en | e<br>ter the         |           | -        |
| each subsidiary. year ▶\$   |      |   | l           | 1    |                     | total amount<br>property dist           | t of cash distributions and the<br>tributions (other than cash) ma | book val<br>de durir | lue of<br>ng the tax | 1 1       |          |
| · · · · · · · · · · · · · · · · · · ·   |      |   | -           |      |                     |   |  |                      |                      |           |          |
|   |      | ·   | ersi        | ed = | ,<br>Lhusina        | • |  |                      |                      | <u></u> - |          |

<u>luired</u> to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

| Sc     | hedule L Balance Sheets per Books                   | Beginning          | of tax year              | End of                   | tax year           |
|--------|---|--------------------|--------------------------|--------------------------|--------------------|
|        | Assets  | (a)                | (b)                      | (c)                      | (d)                |
| 1      | Cash  |                    |                          |                          | -1                 |
| 2a     | Trade notes and accounts receivable                 |                    |                          |                          |                    |
| ь      | Less allowance for bad debts                        |                    | }                        |                          | 1                  |
| 3      | Inventories   |                    |                          |                          |                    |
| 4      | U.S. government obligations                         |                    |                          |                          |                    |
| 5      | Tax-exempt securities (see instructions)            |                    |                          |                          |                    |
| 6      | Other current assets                                |                    |                          |                          |                    |
| 7      | Loans to shareholders                               |                    |                          |                          |                    |
| 8      | Mortgage and real estate loans                      |                    |                          |                          |                    |
| 9      | Other investments STMT 5                            |                    | 22,851,496               |                          | -1,285,573         |
| 10a    | Buildings and other depreciable assets              |                    |                          |                          |                    |
| b      | Less accumulated depreciation                       |                    |                          |                          | }                  |
| 11a    | Depletable assets                                   | _                  |                          |                          |                    |
| b      | Less accumulated depletion                          |                    |                          |                          |                    |
| 12     | Land (net of any amortization)                      |                    |                          |                          |                    |
| 13a    | Intangible assets (amortizable only)                |                    |                          | • i .                    |                    |
| ь      | Less accumulated amortization                       |                    |                          |                          | ]                  |
| 14     | Other assets (attach sch.)                          |                    |                          |                          |                    |
| 15     | Total assets  |                    | 22,851,496               |                          | -1,285,574         |
|        | Liabilities and Shareholders' Equity                |                    |                          |                          |                    |
| 16     | Accounts payable                                    |                    |                          |                          |                    |
| 17     | Mortgages, notes, bonds payable in less than 1 year |                    |                          |                          |                    |
| 18     | Other current liabilities                           | -                  |                          |                          |                    |
| 19     | Loans from shareholders                             | 1                  |                          |                          |                    |
| 20     | Mortgages, notes, bonds payable in 1 year or more   |                    |                          |                          |                    |
| 21     | Other liabilities (att. sch.)                       |                    |                          | ·                        |                    |
| 22     | Capital stock: a Preferred stock                    |                    |                          |                          |                    |
|        | b Common stock                                      | 500                |                          | 500                      |                    |
| 23     | Additional paid-in capital                          |                    | 19,450,483               |                          | 22,343,205         |
| 24     | Retained earnings-Appropriated                      |                    |                          |                          |                    |
| 25     | Retained earnings-Unappropriated                    | ·                  | 3,400,513                |                          | -23,629,279        |
| 26     | Adjustments to SH equity                            |                    |                          |                          |                    |
| 27     | Less cost of treasury stock                         |                    |                          |                          |                    |
| 28     | Total liabilities and shareholders' equity          |                    | 22,851,496               |                          | -1,285,574         |
|        |   | come (Loss) per Bo |                          |                          | 0 of instructions) |
|        | Net income (loss) per books                         | -13,917,523        |                          | -                        |                    |
| 2      | Federal income tax per books                        |                    | included on this retu    | -                        |                    |
| 3      | Excess of capital losses over capital gains         |                    | Tax-exempt int. \$       |                          |                    |
|        | Income subject to tax not recorded on books         |                    | <u></u>                  |                          |                    |
|        | this year (itemize):                                | 40 440 060         |                          | 2,009,155                | 2,009,155          |
|        | STMT 6  | 13,112,269         |                          | -                        |                    |
| 5      | Expenses recorded on books this year not            |                    | against book income      |                          |                    |
|        | deducted on this return (itemize):                  |                    | a Depreciation \$        |                          |                    |
| a      | Depreciation \$                                     |                    | b Charitable \$          |                          |                    |
| D<br>- | Charitable contributions \$                         |                    |                          |                          |                    |
| C      | Travel and entertainment \$                         |                    |                          |                          |                    |
|        | Travel and entertainment \$ STMT 7 9,562,632        | 9,562,632          | 9 Add lines 7 and 8      | ******************       | 2,009,155          |
| 6      | Add lines 1 through 5                               | 8,757,378          | 10 Income (line 28, pag- | e 1)- line 6 less line 9 | 6,748,223          |
| Sc     | hedule M-2 Analysis of Unappro                      |                    |                          |                          |                    |
| 1      | Balance at beginning of year                        | 3,400,513          |                          | Cash                     | 13,112,269         |
| 2      | Net income (loss) per books                         | -13,917,523        | b                        | Stock                    |                    |
|        | Other increases (itemize):                          |                    | c                        | Property                 |                    |
|        |   |                    | 6 Other decreases (ite   | mize):                   |                    |
| •      |   |                    | 7 Add lines 5 and 6      |                          | 13,112,269         |
| 4      | Add lines 1, 2, and 3                               | -10,517,010        | 8 Balance at end of ye   | ar (line 4 less line 7)  | -23,629,279        |

#### SCHEDULE D

(Form 1120)

Name

Department of the Treasury Internal Revenue Service

# **Capital Gains and Losses**

► Attach to Form 1120, 1120-A, 1120-F, 1120-FSC, 1120-H, 1120-IC-DISC, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, 990-C, or certain Forms 990-T.

OMB No. 1545-0123

2003

Employer identification number

| ENERGY MERCHANT HOL   | DING INC                          |                                  |                                       | 13   | -410   | 4912  |
|---|-----------------------------------|----------------------------------|---------------------------------------|--|--|---|
| Part I Short-Term Capital                                     | Gains and Los                     | sses-Assets He                   | eld One Year or Les                   | 5  |  |   |
| (a) Description of property<br>(Example: 100 shares of Z Co.) | (b) Date acquired (mo., day, yr.) | (c) Date sold<br>(mo., day, yr.) | (d) Sales price<br>(see instructions) | (e) Cost or other<br>basis (see<br>instructions) | er.  | (f) Gain or (loss)<br>(Subtract (e) from (d)) |
| 1   |                                   |                                  |                                       | nieg generier                                    |  |   |
|   |                                   |                                  |                                       |  |  |   |
|   |                                   |                                  |                                       |  |  |   |
|   |                                   |                                  |                                       |  |  |   |
| 2 Short-term capital gain from installme                      | nt sales from Form                | 6252. line 26 or 37              | <del> </del>                          |  | 2  |   |
| 3 Short-term gain or (loss) from like-kin                     |                                   |                                  |                                       |  | 3  |   |
| 4 Unused capital loss carryover (attach                       |                                   |                                  | · · · · · · · · · · · · · · · · · · · |  | 4  | (   |
| 5 Net short-term capital gain or (loss).                      |                                   |                                  |                                       | · · · · · · · · · · · · · · · · · · ·            | 5  |   |
| Part II Long-Term Capital                                     |                                   |                                  | ld More Than One Y                    | ear  |  |   |
| 6 PASS THROUGH ENT  | ITY (SCH 1                        | (-1)                             | ·                                     |  |  | 1,770,733                                     |
|   |                                   |                                  |                                       |  |  |   |
|   |                                   |                                  |                                       |  |  |   |
|   |                                   |                                  |                                       |  |  |   |
| 7 Enter gain from Form 4797, column (g                        | g), line 7 or 9                   | ************                     |                                       |  | 7  |   |
| 8 Long-term capital gain from installment                     | nt sales from Form                | 6252, line 26 or 37              |                                       |  | 8  |   |
| 9 Long-term gain or (loss) from like-kind                     | exchanges from F                  | orm 8824                         |                                       |  | 9  |   |
| 10 Capital gain distributions (see instruct                   |                                   |                                  |                                       |  | 10   | 0   |
| 11 Net long-term capital gain or (loss). C                    |                                   | ugh 10                           |                                       |  | 11   | 1,770,733                                     |
| Part III Summary of Parts I                                   |                                   |                                  |                                       |  | <del>,                                    </del> |   |
| 12 Enter excess of net short-term capital                     |                                   |                                  |                                       |  | 12   |   |
| 13 Net capital gain. Enter excess of net l                    | ong-term capital gai              | in (line 11) over net            | short-term capital                    | •  | .  | 1 770 722                                     |
| loss (line 5)   | 4400                              | A 15-0 - 45-                     |                                       |  | 13   | 1,770,733                                     |
| 14 Add lines 12 and 13. Enter here and or returns             |                                   |                                  |                                       |  | 14   | 1,770,733                                     |
| Note: If losses exceed gains, see Car                         | oital losses in the in            | structions on page               | 2.                                    |  | <u> </u>   | ······································        |

NOL and Contribution Carryover Worksheet - Regular Tax

2003

For calendar year 2003 or tax year beginning , ending

Name

ENERGY MERCHANT HOLDING INC 13-4104912

|                           |                                      | Prior Year Current Year         |            |   | Next Year |
|---------------------------|--------------------------------------|---------------------------------|------------|---|-----------|
| Preceding<br>Taxable Year | Adj. To NOL<br>Inc/(Loss) After Adj. | NOL Utilized<br>(Income Offset) | Carryovers | Income Offset By<br>NOL Carryback/<br>Carryover<br>NOL Utilized | Carryover |
| 15th<br>12/31/88          |                                      |                                 |            |   |           |
| 14th<br>12/31/89          |                                      |                                 |            | ·   | ·         |
| 13th<br>12/31/90          |                                      | `                               |            |   |           |
| 12th<br>12/31/91          |                                      |                                 |            |   |           |
| 11th<br>12/31/92          |                                      |                                 |            |   |           |
| 10th<br>12/31/93          |                                      |                                 |            |   |           |
| 9th<br>12/31/94           |                                      |                                 |            |   |           |
| 8th<br>12/31/95           |                                      |                                 |            |   |           |
| <sup>7th</sup> 12/31/96   |                                      | ·                               |            |   |           |
| 6th<br>12/31/97           |                                      |                                 |            |   |           |
| 5th<br>12/31/98           | ·                                    |                                 |            |   |           |
| 4th<br>12/31/99           |                                      | ė                               |            |   |           |
| 3rd<br>12/31/00           |                                      |                                 | ·          | ·   |           |
| <sup>2nd</sup> 12/31/01   |                                      |                                 |            | ·   |           |
| 1st<br>12/31/02           |                                      |                                 |            |   |           |
|                           | vallable To Current Year             |                                 | 0          |   |           |
| Current Year              | 0<br>-6,364,046                      |                                 |            |   | 6,364,046 |
| NOL Carryover A           | vailable To Next Year                |                                 |            |   | 6,364,046 |

| <b>Charitable Contributions</b> |                          | Prior Yo                        | Prior Year |  | Current Year           |           |  |
|---------------------------------|--------------------------|---------------------------------|------------|--|------------------------|-----------|--|
| Preceding<br>Tax Year           | Excess<br>Contributions  | Utilized Or<br>Reclassed to NOL | Carryover  | Reclassed to NOL<br>(Reg.Sec. 1,170A-11(c)(2)) | Carryovers<br>Utilized | Carryover |  |
| <u>, 12/31/98</u>               |                          |                                 |            |  |                        |           |  |
| , 12/31/99                      |                          | ·                               |            |  |                        |           |  |
| 12/31/00                        |                          |                                 |            |  |                        |           |  |
| 12/31/01                        |                          |                                 |            |  |                        |           |  |
| , 12/31/02                      |                          |                                 |            |  |                        |           |  |
| Charitable Contribu             | ution Carryover To Curr  | ent Year                        |            | 0  |                        |           |  |
| Current Year                    | 0                        |                                 |            |  |                        |           |  |
| Charitable Contrib              | ution Carryover Availabl | le To Next Year                 |            | · ·  | 1                      |           |  |

6,346,074

| Form | 1120 | NOL and Contribution Carryover Worksheet - AMT |          |             |                     |  |  |
|------|------|--|----------|-------------|---------------------|--|--|
|      |      | For calendar year 2003 or tax year beginning   | , ending |             | 2003                |  |  |
| Vame |      |  |          | Employer Id | entification Number |  |  |
|      |      |  | Ì        |             |                     |  |  |

| ENERGY M                   | 13-4104912                            |                                 |            |   |             |           |
|----------------------------|---------------------------------------|---------------------------------|------------|---|-------------|-----------|
|                            | · · · · · · · · · · · · · · · · · · · | Prior                           | Year       | Current Yea   | r           | Next Year |
| Preceding<br>Taxable Year  | Adj. To NOL<br>Inc/(Loss) After Adj.  | NOL Utilized<br>(Income Offset) | Carryovers | Income Offsei<br>NOL Carryba<br>Carryover<br>NOL Utilized | t By<br>ck/ | Carryover |
| 5th<br>12/31/88            | (2000) 7 (10) 7 (0)                   | (macine chacy                   | ouyove.ro  | NOL OWIZE   |             | Variyovei |
| 4th<br>12/31/89            |                                       |                                 |            |   |             |           |
| 3th<br>12/31/90            |                                       |                                 |            |   |             | •         |
| <sup>2th</sup><br>12/31/91 |                                       |                                 |            |   |             |           |
| 1th<br>12/31/92            |                                       |                                 |            |   |             |           |
| 0th<br>12/31/93            |                                       |                                 |            |   |             |           |
| h<br>12/31/94              |                                       |                                 |            |   |             |           |
| h<br>12/31/95              |                                       |                                 |            |   |             |           |
| th<br>12/31/96             |                                       |                                 |            |   |             |           |
| th<br>12/31/97             |                                       |                                 |            |   |             |           |
| th<br>12/31/98             |                                       |                                 |            |   |             |           |
| th<br>12/-31/99            |                                       |                                 |            |   |             |           |
| 12/31/00                   |                                       |                                 |            |   |             |           |
| nd<br>12/31/01             |                                       |                                 |            |   |             |           |
| st<br>12/31/02             |                                       |                                 |            |   |             | ·         |
| NOL Carryover Av           | vailable To Current Year              |                                 | 0          |   |             |           |
| Surrent Year               | 0<br>-6,346,074                       |                                 |            |   |             | 6,346,07  |
| NOL Carryover A            | vailable To Next Year                 |                                 |            |   |             | 6 246 07  |

| Charitable Co         | ntributions             | Prior Yo                        | ear       | Current Year                                   |                        | Next Year |  |
|-----------------------|-------------------------|---------------------------------|-----------|--|------------------------|-----------|--|
| Preceding<br>Tax Year | Excess<br>Contributions | Utilized Or<br>Reclassed to NOL | Carryover | Reclassed to NOL<br>(Reg.Sec. 1.170A-11(c)(2)) | Carryovers<br>Utilized | Carryover |  |
| 12/31/98              |                         |                                 |           |  |                        |           |  |
| 12/31/99              |                         |                                 |           |  |                        |           |  |
| 12/31/00              |                         |                                 |           |  |                        |           |  |
| 12/31/01              |                         |                                 |           |  |                        |           |  |
| 12/31/02              | <del></del>             |                                 |           |  |                        |           |  |
|                       | ion Carryover To Cur    | ent Year                        | (         |  |                        |           |  |
| Current Year          | 0                       |                                 |           |  |                        |           |  |
|                       | ion Carryover Availab   | le To Next Year                 |           |  |                        |           |  |

| Form | 1120    | Carryover Worksh                             | eet      |              | 2003                |
|------|---------|--|----------|--------------|---------------------|
|      |         | For calendar year 2003 or tax year beginning | , ending |              |                     |
| Name |         |  |          | Employer Ide | entification Number |
| ENE  | RGY MER | CHANT HOLDING INC                            |          | 13-410       | 4912                |

| Net Capital Loss       |                            | Prior Yo                               | ear                                    | Current Year   | Next Year                 |
|------------------------|----------------------------|--|--|--|---------------------------|
| Preceding<br>Tax Year  | Net Capital<br>Gain/(Loss) | Loss Utilized or C/B<br>(Gains Offset) | Capital Loss<br>Carryover              | Gain Offset<br>By Carryback/<br>Carryovers<br>Utilized | Capital Loss<br>Carryover |
| 5th 12/31/98           |                            |  |  |  |                           |
| 4th 12/31/99           |                            |  | ······································ |  |                           |
| 3rd 12/31/00           |                            |  |  | ·  |                           |
| and 12/31/01           |                            |  |  |  |                           |
| ist 12/31/02           |                            |  |  |  |                           |
| Capital Loss Carryover | Available To Current       | /ear                                   | 0                                      |  |                           |
| Current Year           | 1,770,733                  |  |  |  | C                         |
| Capital Loss Carryover | Available To Next Yea      | ır                                     |  |  | 0                         |

| Section 1231          | Losses                   | Prior `    | Year         | Current Year               | Next Year    |
|-----------------------|--------------------------|------------|--------------|----------------------------|--------------|
| Preceding<br>Tax Year | 1231<br>Loss             | Recaptured | Unrecaptured | Prior Losses<br>Recaptured | Unrecaptured |
| 5th 12/31/98          |                          |            |              |                            |              |
| 4th 12/31/99          |                          |            |              |                            |              |
| and 12/31/00          |                          |            |              |                            |              |
| and 12/31/01          |                          |            |              |                            |              |
| 1st 12/31/02          |                          |            |              |                            |              |
| 1231 Losses Availa    | able for Recapture in Cu | rrent Year | 0            |                            |              |
| Current Year          | 0                        |            |              |                            | 0            |
| 1231 Losses Availa    | able for Recapture in Ne | xt Year    |              |                            | 0            |

| General Business Credit                                      | Prior Year Current Year                |                     | Prior Year Current Year |                            |                     | Prior Year Current Ye |  |  | nt Year | Next Year |
|--|--|---------------------|-------------------------|----------------------------|---------------------|-----------------------|--|--|---------|-----------|
| Preceding Tax > than Credits Tax Year (Credits > than Tax)   | Tax Offset by C/B)<br>Credits Utilized | Credit<br>Carryover | Carryovers<br>Utilized  | Tax Offset<br>By Carryback | Credit<br>Carryover |                       |  |  |         |           |
| 15th 12/31/88  |  |                     |                         |                            |                     |                       |  |  |         |           |
| 4th 12/31/89   |  |                     |                         |                            |                     |                       |  |  |         |           |
| 3th 12/31/90   |  |                     |                         |                            |                     |                       |  |  |         |           |
| 2th 12/31/91   |  |                     |                         |                            | !                   |                       |  |  |         |           |
| 1th 12/31/92   |  |                     |                         |                            |                     |                       |  |  |         |           |
| oth 12/31/93   |  |                     | ·                       |                            |                     |                       |  |  |         |           |
| th 12/31/94  |  |                     |                         |                            |                     |                       |  |  |         |           |
| th 12/31/95  |  |                     |                         |                            |                     |                       |  |  |         |           |
| th 12/31/96  |  |                     |                         |                            |                     |                       |  |  |         |           |
| th 12/31/97  |  |                     |                         |                            |                     |                       |  |  |         |           |
| th 12/31/98  |  |                     | •                       |                            |                     |                       |  |  |         |           |
| th 12/31/99  |  |                     |                         |                            |                     |                       |  |  |         |           |
| rd 12/31/00  |  |                     |                         |                            |                     |                       |  |  |         |           |
| nd 12/31/01  |  |                     |                         |                            |                     |                       |  |  |         |           |
| n 12/31/02   |  |                     |                         | ·                          |                     |                       |  |  |         |           |
| General Bus. Credit Carryover To Current Y                   | ear                                    | 0                   |                         |                            |                     |                       |  |  |         |           |
| Current Year 0   General Business Credit Carryover Available |  |                     |                         |                            |                     |                       |  |  |         |           |

12089000 ENERGY MERCHANT HOLDING INC 13-4104912 Federal Statements

FYE: 12/31/2003

Statement 1 - Form 1120, Page 1, Line 10 - Other Income

| Description         |     | Amount     |
|---------------------|-----|------------|
| ENERGY MERCHANT LLC | \$_ | -8,162,938 |
| TOTAL               | \$  | -8,162,938 |

1/25/2006 10:23 AM

12089000 ENERGY MERCHANT HOLDING INC 13-4104912

**Federal Statements** 

1/25/2006 10:23 AM

FYE: 12/31/2003

## Statement 2 - Form 1120, Page 1, Line 10 - Other Income Pass Through Information

| Name of Entity      |                         |         |         |       |            |
|---------------------|-------------------------|---------|---------|-------|------------|
|                     | EIN                     | Address | City    | State | Zip        |
| ENERGY MERCHANT LLC |                         |         | •       |       |            |
| •                   | 52-2101198 P.O. BOX 549 |         | BEL AIR | MD    | 21014-0549 |

12089000 ENERGY MERCHANT HOLDING INC

1/25/2006 10:23 AM

13-4104912

FYE: 12/31/2003

# **Federal Statements**

Statement 3 - 1120, Pg 3, Sch K, Question 3 - Did the Corp Own 50% or More of a Domestic Corp

| EIN            | Name                                    | •        |       |       |                  |                  |
|----------------|---|----------|-------|-------|------------------|------------------|
| <del></del>    | Address                                 | City     | State | Zip   | Percent<br>Owned | Income<br>(Loss) |
| 51-0383350 EMC | CAPITAL CORP<br>126 E 56TH ST, 33 FLOOR | NEW YORK | NY    | 10022 | 100.000 \$       | 2,009,154        |

12089000 ENERGY MERCHANT HOLDING INC 13-4104912 Federal Statements

FYE: 12/31/2003

1/25/2006 10:23 AM

# Statement 4 - Form 1120, Pg 3, Sch K, Question 5 - Did Entity Own 50% or More of Corp Stock?

| EIN/SSN    | EIN/SSN Name of Entity |         |  |
|------------|------------------------|---------|--|
| 13-3855623 | ENERGY MERCHANT CORP   | 100.000 |  |
| TOTAL      |                        | 100.000 |  |

13-4104912

# **Federal Statements**

1/25/2006 10:23 AM

FYE: 12/31/2003

#### Statement 5 - Form 1120, Page 4, Schedule L, Line 9 - Other Investments

| Description                                 | Beginning of Year      | End<br>of Year         |
|---|------------------------|------------------------|
| ENERGY MERCHANT STORAGE<br>EMC CAPITAL CORP | \$ 100,00              |                        |
| EMEC CAPITAL CORP<br>ENERGY MERCHANT LLC    | 11,178,18<br>13,116,03 | •                      |
| WILLIAMS TECHNOLOGIES LLC                   | -1,542,72              | <del></del>            |
| TOTAL                                       | \$ 22,851,49           | 6 \$ <u>-1,285,573</u> |

#### Statement 6 - Form 1120, Page 4, Schedule M-1, Line 4 - Taxable Income Not on Books

| Description                |                 | Amount     |
|----------------------------|-----------------|------------|
| CASH DIVIDENDS FROM EMC CC | \$_             | 13,112,269 |
| TOTAL                      | \$ <sup>.</sup> | 13,112,269 |

#### Statement 7 - Form 1120, Page 4, Schedule M-1, Line 5 - Expenses on Books Not on Return

| Description                   | Amount       |
|-------------------------------|--------------|
| PASS THROUGH ENTITY (SCH K-1) | \$ 9,562,632 |
| TOTAL                         | \$ 9,562,632 |

#### Statement 8 - Form 1120, Page 4, Schedule M-1, Line 7 - Income on Books Not on Return

| Description |            |          |     | Amount    |
|-------------|------------|----------|-----|-----------|
| EQUITY IN   | SUBSIDIARY | EARNINGS | \$  | 2,009,155 |
| TOTA        | L          |          | \$_ | 2,009,155 |

K-1 Reconciliation Worksheet Form 1120 2003 For calendar year 2003 or tax year beginning ending Taxpayer Identification Number Name ENERGY MERCHANT HOLDING INC 13-4104912 ENERGY MERCHANT LLC Form K-1 Activity Unit NONPASSIVE Entire disposition of activity Type I/S K1 & K1-2 Input At-Risk adjustment Suspended PAL PAL disallowed Tax Return 1120 Page 1 Business -8,162,938 -8,162,938 Ordinary income (loss) Rental RE income (loss) Other rental inc (loss) Other inc (loss) Depreciation / Sec 179 Disallowed Sec 179 exp Depr/Sec 179 allowed Depletion Intangible drilling costs Other deductions Charitable contrib Guaranteed payments 1120 P1 Portfolio 28,159 28,159 Interest income Royalties Oth portfolio inc/loss Investment int expense Deds related to portfolio Schedule C **Dividends** Schedule D ST capital gain (loss) 1,770,733 1,770,733 LT capital gain (loss) Form 4797 Part I gain (loss) Part II gain (loss) Section 179 recapture Schedule M Fax-exempt interest inc Other tax-exempt inc -9,562,632 -9,562,632 Vondeductible expenses **Credits & Payments** ed income tax payments .ow inc housing credit tecap low inc hous: pships tecap low inc hous: other Form 4626 17,972 17,972 'ost 86 depreciation adj djusted gain (loss) repletion Ith adjmts & tax prefs

Form 1120

#### Two Year Comparison Worksheet Page 1

2002 & 2003

Employer Identification Number Name ENERGY MERCHANT HOLDING INC 13-4104912 2003 2002 Differences Gross profit percentage Gross receipts less returns and allowances Cost of goods sold Gross profit 13,112,269 13,112,269 Dividends 417,076 28,159 -388,917 Income Interest Gross rents Gross royalties 1,770,733 1,770,733 Capital gain net income from Schedule D Net gain or (loss) from Form 4797 -5,022,585 -8,162,938 -3,140,353 Other income -4,605,509 6,748,223 11,353,732 **Total Income** Compensation of officers Salaries and wages less employment credits Repairs and maintenance Bad debts Rents Taxes and licenses **Deductions** Charitable contributions Depreciation ..... Depletion Pension, profit-sharing, etc., plans Employee benefit programs Other deductions -4,605,509 6,748,223 11,353,732 Taxable income before NOL & special deductions Net operating loss 13,112,269 13,112,269 Special deductions ..... -1,758,537 -4,605,509 -6,364,046 Taxable Income Income tax Alternative minimum tax Foreign tax credit Possessions tax credit ..... Nonconventional source fuel/QEV credit General business credit Credit for prior minimum tax Qualified zone academy bond credit Personal holding company tax \_\_\_\_\_ 0 Total tax (Including additional taxes) ..... Tax and **Payments** Prior yr ovrpymt credited to current yr Current yr estimated tax pymts Refund applied for on Form 4466 Tax deposited with Form 7004 Credit from Form 2439 Credit for Federal tax on fuels Backup withholding Total payments and credits 0 0 Tax due (overpayment) Estimated tax penalty from Form 2220 Penalties and interest Net tax due (overpayment) 0 Amt of ovrpymt credited to next yr's estimated tax

Amount of overpayment refunded

-27,029,792

1120 Two Year Comparison Worksheet Page 2 2002 & 2003 Form Employer Identification Number Name ENERGY MERCHANT HOLDING INC 13-4104912 2002 2003 **Differences** 24,965,627 -2,114,131 22,851,496 Beginning assets Sch L Beginning liabilities and equity 24,965,627 22,851,496 -2,114,13122,851,496 -24,137,070 -1,285,574 Ending assets 22,851,496 -24,137,070 -1,285,574 Ending liabilities and equity -2,101,691 -13,917,523 -11,815,832 Net income per books Federal income tax 228,419 -228,419 Excess of capital losses over capital gains 13,112,269 13,112,269 Taxable income not on books Sch M-1 57,532 9,562,632 9,505,100 Book expenses not deducted 2,950,736 2,009,155 -941,581 Income on books not on return 8,206 -8,206 Return deductions not on books -4,774,682 6,748,223 11,522,905 Income per return 3,400,513 5,502,204 -2,101,691 Beginning of year balance -2,101,691 -13,917,523 -11,815,832 Net income (loss) per books Other increases 13,112,269 13,112,269 Cash distributions Sch M-2 Stock distributions Property distributions

3,400,513 -23,629,279

Other decreases

Balance at end of year

12089000 ENERGY MERCHANT HOLDING INC 13-4104912 Federal Statements

1/25/2006 10:23 AM

FYE: 12/31/2003

# Form 1120, Page 1, Line 5 - Interest

| Description   | Amount |                  |  |
|---|--------|------------------|--|
| US OBLIGATION INT (SCH K-1)<br>OTHER INTEREST (SCH K-1) | \$     | 16,699<br>11,460 |  |
| TOTAL   | \$     | 28,159           |  |

12089000 ENERGY MERCHANT HOLDING INC

13-4104912

**Federal Statements** 

1/25/2006 10:23 AM

FYE: 12/31/2003

# Form 1120, Page 4, Schedule L, Line 23 - Additional Paid-In Capital

| Description | Beginning<br>of Year | End<br>of Year |  |
|-------------|----------------------|----------------|--|
| ·           | \$ 19,450,483        | \$ 22,343,205  |  |
| TOTAL       | \$ 19,450,483        | \$ 22,343,205  |  |

#### **FORM CT-1120**

| Corpo | ratio | 1 Bu | sine | SS | Tax F | Return |
|-------|-------|------|------|----|-------|--------|

| 20  | Λ  |    |
|-----|----|----|
| 783 | ۱, | -5 |

| State Of Connecticut                            |   | Business Tax Return  |                |               | 200                        | )3        |
|---|---|--|----------------|---------------|----------------------------|-----------|
| (Rev. 12/03) AD                                 | Enter income Year Beginning $1/01$ ,  | $/03$ , and $\triangleright$ Ending $12/$                  | /31/03         |               |                            |           |
| Total Assets                                    |   |  | Con            | necticu       | ut Tax Registration Number |           |
| <u>▶ -1,285,574</u> 00                          | 4   |  | <b>&gt;</b>    |               |                            |           |
| Gross Receipts                                  | ·   |  | DRS            | USEC          | DNLY                       |           |
| <b>)</b>  | →   | · ·  |                |               | 20                         |           |
| NAICS Code (see instructions)                   | 126 EAST 56TH ST, 33R   |  | Fede           | ral Emp       | oloyer ID Number           |           |
| <b>▶</b> 525990                                 | NEW YORK 1  | YY 10022   |                |               |                            |           |
| Audited By F O                                  |   |  | 13             | <u>-41</u>    | 04912                      | ~         |
| CHECK AND COMPLETE ALL                          |   | final retum, has the corporation: 5.                       | . Federal re   | -             |                            |           |
| 1. Change of: 2. Return Status                  | the check the corresponding 1   | lved 🕨 💹 Withdrawn 📗                                       | 1120           | ▶ [           | 1120A ▶ 1120H              | -         |
| Closing Initial Return                          | box: Merge  | ed/Reorganized (Enter survivor's                           |                | r:            |                            | ļ         |
| Month Final Return                              | Merger Conne  | ecticut Tax Registration Number)                           | X Cons         | olidated      | d Basis.                   |           |
| Address Short Period                            | Acquisition   |  |                |               | ENERGY MERCHA              | 7M        |
| Return  | Change of Filing Status   |  | arent Co. FE   | N >           | 13-3855623                 | 4         |
|   | iging R & D tax credits? ▶ 💹 Yes (Attach Fo   | <del></del>  | a              |               |                            | 1         |
| 1   | ed in a Connecticut combined business tax reti                                      |  |                | No            | )                          | -         |
|   | cting or revoking combined status, attach Forn                                      |  | -              |               |                            | ı         |
|   | in a Connecticut combined business tax return                                       |  |                |               | No                         |           |
| <ol><li>Is the principal place of but</li></ol> | usiness located in Connecticut? ► ☐ Yes ►   |  |                | pal pla       | ace of business is         | -         |
| located NY                                      |   | Date of organization 12/07                                 |                |               |                            | -         |
|   | icut 12/07/99 Date business bega  |  |                |               |                            | - [       |
| 10. Is this corporation exempt from             |   | h explanation of exemption including st                    | tatutory cite) | X             | 10                         | - 1       |
| ł '   | izing its income?▶  | · — —  |                |               | <b></b>                    |           |
|   | to the interest add back or the intangible ex                                       |  |                |               |                            |           |
|   | TE COPY OF FORM 1120 INCLUDING ALL S  |  | E INTERNA      | L RE          | /ENUE SERVICE -            | _         |
|   | MPUTATION OF TAX ON NET INCO  |  | <del></del>    |               |                            | 4         |
| Net income (Schedule D,                         | Line 18) (If 100% Connecticut, also enter on  | Line 3)  |                | 1 1           | -6,364,046                 | _         |
| Apportionment fraction (C.                      | алту to six places. See instructions.)  |  | <b>&gt;</b>    | 2             | 0.01629                    |           |
| 3. Connecticut net income (N                    | Multiply Line 1 by Line 2)  |  |                | 3             | -103,708 o                 |           |
|   | Form CT-1120 ATT, Schedule H, Line 6, Colu  |  |                | 4             |                            | 0         |
| 5. Income subject to tax (Sul                   | btract Line 4 from Line 3)  |  | 🏲              | 5             | -103,7080                  |           |
| 6. TAX: Multiply Line 5 by 7.                   | 5% (.075)   | CADITAL  |                | 6             | 0]0                        | 의         |
|   | MPUTATION OF MINIMUM TAX ON   |  |                |               | # 0 # 00 0 C1  -           | _         |
|   | dule E, Line 6, Column C) (If 100% Connecticu                                       |  |                |               | 10,782,961 0               | _         |
|   | arry to six places. See instructions.)  |  | <b>▶</b> 1     | 3             | 0.00017                    | _         |
| 3. Multiply Line 1 by Line 2                    |   |  |                |               | 1,898 00                   | 믝         |
| 4. Number of months covere                      |   |  | <i>.</i>       | 4             | 1 2000                     | $\exists$ |
| 5. Multiply Line 3 by Line 4, o                 | divide the result by 12   |  | <b>إ</b>       | 5             | 1,898 0                    | _         |
|   | r dollar) Multiply Line 5 by .0031. (Maximum ta                                     |  |                | 6             | 6 0                        | 믝         |
|   | A Line St School B. Line St of \$250)   |  | <b>•</b>       | 4. ]          | 250 0                      | ᅱ         |
|   | A, Line 6; Schedule B, Line 6; or \$250)  |  |                | 1a            | 50 0                       | _         |
|   | by 20% (.20))   |  |                | 1b            |                            | ⊣         |
| 1c. Recapture or Tax Credits                    | (See instructions) tal of Line 1a, Line 1b, and Line 1c. If no tax cr               | adita daimed also estas as time                            |                | 1c            | 3000                       |           |
|   |   |  |                | 2             | 90 0                       | _         |
| 2: Multiply Line 1 by 30% (0.                   |   |  |                | $\frac{2}{3}$ | 250 0                      |           |
|   | 2 or \$250  |  |                | 4             | 500                        | _         |
| 4. Tax Credit Limitation (Sub                   | otract Line 3 from Line 1)  |  |                | 5             | <del>-</del>               |           |
|   | 20K, Part II, Line 11. Do not exceed amount of                                      |  |                |               | 300 0                      | _         |
| · · · · · · · · · · · · · · · · · · ·           | Subtract Line 5 from Line 1)  |  |                | 6             | <del></del>                | _         |
|   | extension (Form CT-1120 EXT)  |  |                | 7a            | 00                         | _         |
|   | ns CT-1120 ESA, ESB, ESC, & ESD)  |  | - I            | 7b            | 100                        |           |
| 7c. Overpayment from prior y                    |   |  |                | 7c            | 01                         | -         |
| 7. TAX PAYMENTS (Enter the                      | he total of Lines 7a, 7b, and 7c)   |  | ····· 🏲        | 7             | 200                        | 7         |
| 8. Balance of tax due (overp                    | oaid) (Subtract Line 7 from Line 6)   | CT-11201   |                | 8             | 300 0                      |           |
| 9. Add<br>Penalty ►(9a)                         | 00 Int. P(9b)   | Interest (9c)  |                | 9             | 0                          |           |
|   | 4 est. tax (10a)00  |  |                | 10            | 00                         | -         |
| 11. Balance due with this re                    | eturn (Add Line 8 and Line 9)   |  |                | 11            | 300 0                      | 의         |
|   | mmissioner of Revenue Services ach check to return with paper clip. Do not staple.) | Check if you do not want a be to you next year. (Checking) |                |               |                            |           |
| •   | partment of Revenue Services  | does not relieve you of your                               |                | - {           | . •                        | ļ         |
| PO  | Box 2974, Hartford CT 06104-2974  | responsibility to file.)                                   |                | 1             |                            | ,         |

|                            | MERCHANT HOLDING I  |                                  | -4104912                              |                               |                       |              | 12005000 0 1723/2               | 300 TO.20 A |  |
|----------------------------|---|----------------------------------|---------------------------------------|-------------------------------|-----------------------|--------------|---------------------------------|-------------|--|
|                            | LED - COMPUTATION OF I  |                                  | ····                                  |                               | ·                     |              |                                 | <u> </u>    |  |
| 1. Federal                 | taxable income (loss) before net operati  | ng loss and special dedu         | ictions                               |                               |                       | 1            | 6,748,2                         | 223 00      |  |
| 2. Interest                | income wholly exempt from federal tax   |                                  |                                       |                               | <b>•</b>              | 2            |                                 | 00          |  |
| 3. Unallow                 | able deduction for corporation tax (Sche  | dule F, Line 8)                  | · · · · · · · · · · · · · · · · · · · |                               | <b>&gt;</b>           | 3            |                                 | 00          |  |
| 4. Interest                | expenses paid to a related member (Fo   | rm CT-1120AB, Part I             | A, Line 1)                            |                               | <b>•</b>              | 4            |                                 | 00          |  |
|                            | le expenses and costs paid to a related   |                                  |                                       |                               |                       | 5            |                                 | 00          |  |
|                            | bonus depreciation (See instructions)   |                                  |                                       |                               |                       | 6            |                                 | 00          |  |
|                            | (Add Lines 1 through 6)   |                                  | <del></del>                           |                               |                       | 7            | 6,748,2                         | 223 00      |  |
| 8. Dividend                | deduction (Form CT-1120 ATT, Sched  | ule I, Line 4)                   |                                       |                               | <b>&gt;</b>           | 8            | 13,112,2                        | 269 00      |  |
| 9. Capital l               | oss carryover (if not deducted in compu   | <b>&gt;</b>                      | 9                                     |                               | 00                    |              |                                 |             |  |
|                            | and the fermion of the contract of the ord  | <b></b>                          | 10                                    |                               | 00                    |              |                                 |             |  |
| 11. Federal                | bonus depreciation recovery (Form CT-   |                                  | 11                                    |                               | 00                    |              |                                 |             |  |
|                            | ons to interest add back (Form CT-1120  |                                  |                                       |                               |                       | 12           |                                 | 00          |  |
| 13. Exceptio               | ns to interest add back (Form CT-1120   | AB, Part II A, Line 2)           |                                       |                               | <b>&gt;</b>           | 13           |                                 | 00          |  |
|                            | ons to interest add back (Form CT-1120  | AD DOMEST A LITTER ON            |                                       |                               | <b>.</b>              | 14           |                                 | .00         |  |
| 15. Exceptio               | ns to add back of intangible expenses p   |                                  |                                       |                               |                       |              |                                 |             |  |
| (Form C                    | T-1120 AB, Part If B, Line 1)   |                                  |                                       |                               | , ▶                   | 15           |                                 | 00          |  |
|                            |   |                                  |                                       |                               |                       | 16           |                                 | 00          |  |
|                            | Add Lines 8 through 16)   |                                  |                                       |                               |                       | 17           | 13,112,2                        | 69 00       |  |
|                            | COME (Subtract Line 17 from Line 7. En  |                                  |                                       |                               | <b>&gt;</b>           | 18           | -6,364,0                        |             |  |
|                            | LEE - COMPUTATION OF I  |                                  |                                       | 1                             | COLUMI                | NB           | COLUMN                          |             |  |
|                            | (See instructions)  |                                  | BEGINNING OF                          | YEAR                          | END OF Y              |              |                                 |             |  |
| 1. Capital s               | stock (federal Schedule L, Line 22a and   | Line 22b)                        |                                       | 00 00                         |                       | 500 o        | (COLUMN A                       | '           |  |
|                            | nd undivided profits (federal Schedule L, Lines   |                                  | 22,850,9                              | 96 00                         | -1,286,               | 074 0        | COLUMN                          | · 1         |  |
| 3. Surplus                 | reserves (Attach schedule)  |                                  |                                       | 00                            |                       | 0            |                                 | , 1 2       |  |
| 4. Total (Add              | Lines 1, 2, and 3). Enter average in Column (   |                                  | 22,851,4                              | 9600                          | -1,285,               | 574 o        | 10,782,                         | 961 00      |  |
| 5. Holdings of             | of stock of private corporations (attach schedul<br>rage in Column C  | e).                              | <u> </u>                              | 00                            |                       | 0            | 0                               | 00          |  |
| 6. Balance                 | (Subtract Line 5, Column C, from Line 4   | , Column C. Enter here           | and on Schedule B                     | I, Line 1                     | .)                    | <del> </del> | 10,782,                         | 961 00      |  |
| SCHEDU                     | LEF - TAXES   |                                  |                                       |                               | COLUMN                | I A          | COLUMN                          | В           |  |
| 1. Payroll                 |   |                                  |                                       |                               |                       | 0            | 0                               |             |  |
| 2. Real pro                | perty   |                                  |                                       |                               |                       | 0            | 0                               |             |  |
| <ol><li>Personal</li></ol> | I property  |                                  |                                       |                               |                       | 0            | 0                               |             |  |
| 4. Sales an                | id use  |                                  |                                       |                               |                       | 100          | 0                               |             |  |
|                            | ee instructions)  |                                  |                                       |                               | ·                     |              | )                               |             |  |
| <ol><li>Connect</li></ol>  | icut corporation business (Deducted in t  | he computation of federa         | al taxable income)                    |                               |                       |              |                                 | 00          |  |
|                            | or measured by income or profits impose   |                                  |                                       |                               |                       |              |                                 | ] ]         |  |
| (Deducte                   | ed in the computation of federal taxable  | Income). ATTACH SCH              | EDULE                                 |                               | <u></u> _             |              | <del> </del>                    | 00          |  |
| 8. Total una               | allowable deduction for corporation busing  | ness tax purposes                |                                       |                               |                       |              |                                 | 11          |  |
|                            | e 6 and Line 7, Column B. Enter here ar   |                                  |                                       |                               |                       |              | 1                               | 100         |  |
| SCHEDU                     |   |                                  |                                       |                               |                       |              | <del></del>                     |             |  |
|                            | Connecticut town(s) does the corporation  | on own or lease (as lesse        | e) real or tangible                   | persona                       | I property, or pe     | rform sei    | vices?                          | 1           |  |
| NONE                       |   |                                  |                                       |                               |                       |              | n – – – –                       | ]           |  |
| • •                        | his corporation directly or Indirectly transfer a c   | ontrolling interest in an entity |                                       |                               |                       | ▶ [          | Yes ► X                         | No          |  |
|                            | enter: Transferee Name  |                                  | <del></del>                           | • •                           | er ID Number 🕨        | = -          |                                 |             |  |
| • •                        | there a direct or indirect transfer of a controllin   | g interest in your company o     |                                       |                               |                       | ► [          | _ Yes ▶ X                       | No          |  |
|                            | enter: Transferor Name  |                                  | <del></del>                           | , ,                           | er ID Number 🕨        |              |                                 |             |  |
| •                          | corporation at any time during the year of  |                                  |                                       |                               |                       | -            | X Yes ▶ [                       | No          |  |
| •                          |   | GY MERCHANT                      |                                       | Employe                       | er ID Number          | _1.          | 3-3855623                       |             |  |
|                            | able year this corporation was audited by   |                                  |                                       |                               |                       |              |                                 | 1           |  |
| Were ad                    | justments reported to Connecticut?  | Yes ► No                         | (If "No," attach exp                  | lanation                      | 1.)                   | <del></del>  |                                 |             |  |
| DECLARATIO                 | ON: I declare under penalty of law that I have e<br>it is true, complete, and correct. I understa<br>not more than five years, or both. The dec | ind that the penalty for willful | ly delivering a false re              | turn to DF                    | RS is a fine of not m | nore than !  | \$5,000, or Imprisonme          | ent for     |  |
|                            |   | <del></del>                      |                                       |                               |                       |              |                                 |             |  |
|                            | Signature of Corporate Officer  | Title                            |                                       | Date                          |                       |              | y DRS contact the pre           |             |  |
| SIGN HERE                  |   | l                                |                                       |                               |                       | sho          | shown below about this return?  |             |  |
| Кеер а сору                | Paid Preparer's Signature   |                                  | · • •                                 |                               | one Number            | ا            |                                 | 10          |  |
| of this                    |   |                                  |                                       |                               | <u>-893-971</u>       |              | (See instructions, Pag          | je 17)      |  |
| return for<br>your records | Firm's Name and Address  JEFFERSON, URIAN,  | DOANE & STER                     | NER, P.A.                             | Date 1/                       | 25/06                 |              | parer's SSN or PTIN<br>00319104 |             |  |
| _                          | PO BOX 477<br>OCEAN VIEW, DE 19:  | 0212284                          |                                       | Telephone Number 302-539-5543 |                       |              |                                 |             |  |

# Department of Revenue Services State of Connecticut

2003

(Rev. 12/03)

# Form CT-1120 ATT Corporation Business Tax Return Attachment Schedules H, I, and J

- See Instructions on Reverse -

|                             | CONNECTICUT TAX REGISTRATION NUMBER |
|-----------------------------|-------------------------------------|
| Corporation Name            |                                     |
| ENERGY MERCHANT HOLDING INC |                                     |
|                             |                                     |

#### SCHEDULE H - Connecticut Apportioned Operating Loss Carryover

|    |  | Connecticut Loss Applied to Income Year 1999 Income (Loss) |  | Loss Applied<br>to Income<br>Year 2000 | Loss Applied<br>to Income<br>Year 2001 | Loss Applied<br>to Income<br>Year 2002 | COLUMN A  Loss Applied to Income Year 2003 |  | Remaining Loss Available for 2004 |  |  |  |  |
|----|--|--|--|--|--|--|--|--|-----------------------------------|--|--|--|--|
| 1. | 1998   |  |  |  |  |  |  |  |                                   |  |  |  |  |
| 2. | 1999   |  |  |  |  |  |  |  |                                   |  |  |  |  |
| 3. | 2000   |  |  |  |  |  |  |  |                                   |  |  |  |  |
| 4. | 2001   | ·  |  | ·                                      |  |  | ·  |  |                                   |  |  |  |  |
| 5. | 2002   |  |  |  |  |  |  |  |                                   |  |  |  |  |
| 6. | TOTAL (Add Lines 1 through 5 in Column A, and Lines 2 through 5 in Column B, and enter here.  Enter the amount from Line 6, Column A on Form CT-1120, Schedule A, Line 4.)  00 |  |  |  |  |  |  |  |                                   |  |  |  |  |

#### **SCHEDULE I - Dividend Deduction**

|    |   | COLUMN A            |    | COLUMN B          | COLUMN D                     |                  | COLUMNE                               |           |      |
|----|---|---------------------|----|-------------------|------------------------------|------------------|---------------------------------------|-----------|------|
|    | •   | Amount              |    | Deduction<br>Rate | Balance<br>(Col. A x Col. B) | Related Expenses | Dividend Deducti<br>(Col. C - Col. D) |           |      |
| 1. | Dividend Income included in Computation of Federal Taxable Income (Form CT-1120, Schedule D, Line 1). See Instructions. | <b>▶</b> 13,112,269 | 00 |                   |                              |                  |                                       |           |      |
| 2. | Dividends from domestic corporations less than 20% owned.   | ·                   | 00 | 70% (.70)         | ·                            | <b>&gt;</b> 0    |                                       |           | 00   |
| 3. | Dividend Balance (Subtract Line 2 from Line 1).   | 13,112,269          | 00 | 100% (1.0)        | 13,112,269                   | <b>&gt;</b>      | 00                                    | 13,112,26 | 900  |
| 4. | TOTAL DIVIDEND DEDUCTION (Add<br>Enter the result here and on Form CT-  |                     |    |                   | -                            |                  |                                       | 13,112,26 | 9 00 |

SCHEDULE J - Bonus Depreciation Recovery

|    | Assets Subject to I.R.C. §168(k)                                   | COLUMN A                     | COLUMN B                       | COLUMN C                      |           |  |  |
|----|--|------------------------------|--------------------------------|-------------------------------|-----------|--|--|
|    | Placed in Service  | 2003 MACRS Depreciation on   | 2003 MACRS Depreciation on     | 2003 Recovery of I.R.C. §168( | (k)       |  |  |
|    | During Income Year   | Federal Basis                | Connecticut Basis              | Bonus Depreciation            |           |  |  |
|    |  | (After I.R.C. §168(k) Bonus) | (Without I.R.C. §168(k) Bonus) | (Col. B - Col. A)             | <b></b> _ |  |  |
| 1. | 2000   |                              |                                |                               | 00        |  |  |
| 2. | 2001   |                              |                                |                               | 00        |  |  |
| 3. | 2002   |                              |                                |                               | 00        |  |  |
| 4. | 2003   |                              | ,                              |                               | 00        |  |  |
| 5. | FEDERAL BONUS DEPRECIATION R Enter the result here and on Form CT- |                              | in Calumn C.                   |                               | 00        |  |  |

2003

(Rev. 12/03)

# Form CT-1120A Corporation Business Tax Return Apportionment Computation

-See Instructions on Reverse-

|   |  |                  |                          |                  | CONNECTICUL            | AA         | REGISTRATION NUMBER                         |
|---|--|------------------|--------------------------|------------------|------------------------|------------|---|
| Corporation Name                        | ANT HOLDING INC                        |                  |                          |                  |                        |            |   |
|   |  |                  |                          |                  | <del></del>            |            |   |
|   |  |                  |                          |                  |                        |            |   |
| SCHEDULE Q - NE                         | T INCOME APPORTIONMENT                 |                  |                          |                  |                        |            |   |
| 1. (a) Gross receipts fr                | om business carried on within Connecti | cut              |                          |                  |                        |            | 00  |
| (b) Gross receipts fr                   | om business carried on outside Connec  | ticut            |                          |                  |                        |            | 00  |
| (c) TOTAL: Add Line                     |  |                  |                          |                  | inter on Form CT-1120, |            | 00  |
| 2. Proportion of income                 |  | DECIMAL NOTATION |                          |                  |                        |            |   |
| SCHEDULE R - NE                         | T INCOME APPORTIONMENT                 |                  |                          |                  |                        |            |   |
|   |  |                  | COLUMN A                 |                  | COLUMN B               |            |   |
| FACTOR                                  | ITEM                                   | _                | CONNECTICUT              | 00               | EVERYWHERE             | 100        | COLUMN C                                    |
| TANCIDLE                                | 1. (a) Inventories                     | _                | 4,108                    | 00               | 23,012,269             |            | Divide Column A                             |
| TANGIBLE<br>PROPERTY                    | (b) Depreciable assets                 | _                |                          | 00               | 330,910                | 00         | by Column B                                 |
| TROFERT                                 | (c) Land                               | _                |                          | 00               | 327,464                |            |   |
| (Average Monthly                        | (d) Capitalized rent                   |                  |                          | 00               | 327,404                | 00         | (Carry to six places)                       |
| Net Book Value)                         | (e) Other (See instructions)           | <b>-</b>         |                          | <del>- 100</del> |                        | 00         | DECIMAL NOTATION                            |
|   | 1. TOTAL                               | ]                | 4,108                    | ഫ                | 23,676,643             | امما       | 0.000174                                    |
| WAGES, SALARIES, AND                    | 1. (OTAL                               |                  |                          | <del></del>      | 23,0.0,013             | 1          | DECIMAL NOTATION                            |
| OTHER COMPENSATION                      | 2. TOTAL                               |                  | 127,308                  | 00               | 1,958,309              | nol        | 0.065009                                    |
| OTTIER COMPENSATION                     | 3. (a) Sales of tangibles              |                  |                          | 00               | 319,005,684            |            | 6   |
|   | (b) Services                           | <b>-</b>         |                          | 00               |                        | 00         |   |
|   | (c) Interest                           |                  |                          | 00               | 28,159                 |            |   |
|   | (d) Rents & royalties                  |                  |                          | 00               |                        | 00         |   |
|   | (e) Net gains from sales of assets     |                  |                          | 00               |                        | 00         |   |
| GROSS RECEIPTS                          | (f) Other                              |                  |                          | 00               |                        | 00         | ļ   |
|   | 3. TOTAL                               |                  |                          | 00               | 319,033,843            | 00         | DECIMAL NOTATION 0.00000                    |
|   |  |                  |                          |                  | DECIMAL NOTATION       |            |   |
|   | 4. Enter amount from Line 3, Column    | 0.00000          |                          |                  |                        |            |   |
| 45555761445147                          | 5. Total (Add Lines 1 through 4 in Co  | olumn            | C)                       |                  |                        |            | 0.065183                                    |
| APPORTIONMENT FRACTION                  | Apportionment (Line 5 divided by I     | numbe            | r of factors used). Ente | r here           | and on                 |            | DECIMAL NOTATION                            |
| PRACTION                                | 6. Form CT-1120, Schedule A, Line      | 2.               | -                        |                  |                        |            | 0.016296                                    |
| ,                                       |  | }                | COLUMN A                 |                  | COLUMN B               | - 1        |   |
| SCHEDULE S - MIN                        | MUM TAX BASE APPORTIONMENT             | ļ                | CONNECTICUT              |                  | EVERYWHERE             |            | COLUMN C                                    |
| INTANCIDLE                              | 1. (a) Cash                            |                  |                          | <u>00</u>        |                        | 00         |   |
| INTANGIBLE<br>ASSETS                    | (b) Notes & accounts receivable        |                  |                          | 00               |                        | 00         | Di da lina a Caluma I                       |
| ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | (c) Investments (Other than stock)     | <u> </u>         |                          | 00               |                        | 2          | Divide Line 3, Column A by Line 3, Column B |
| (Average Monthly                        | (d) Other                              | <u> </u>         |                          | 00               |                        | 00         | by Line 3, Column b                         |
| Net Book Value)                         | 1. TOTAL                               | <u> </u>         | <del></del>              | 00               |                        | 00         | Enter Below and on                          |
| TANGIBLE                                | 2. (a) Inventories                     |                  |                          | 00               | 23,012,269             |            | Form CT-1120,                               |
| PROPERTY                                | (b) Depreciable assets                 | <u> </u>         | 4,108                    |                  | 336,910                |            | Schedule B, Line 2                          |
|   | (c) Land                               | <u> </u>         |                          | 00               |                        | 00         |   |
| (Average Monthly                        | (d) Other                              | <u> </u>         |                          | 00               |                        | 00         | (Carry to six places)                       |
| Net Book Value)                         | 2. TOTAL                               | <del> </del>     | 4,108                    | טט               | 23,349,179             | , 1 / 9 00 |   |
| APPORTIONMENT FRACTION                  | 3 'Total (Add Line 1 and Line 2)       |                  | 4,108                    | 00               | 23,349,179             | 00         | DECIMAL NOTATION 0.000176                   |

| Form<br>CT-1120 | CT Net Operating            | g Loss Carryover Worksheet     | 2003                    |
|-----------------|-----------------------------|--------------------------------|-------------------------|
| 011120          | Enter income year beginning | 1/01/03 and ending 12/31/03    | 2000                    |
| Name            |                             | Employer Identification Number | CT Tax Registration No. |
| ENERGY MEI      | RCHANT HOLDING INC          | 13-4104912                     |                         |

|                           |                                   | Prior Year                      |            | Current Year              | Next Year |
|---------------------------|-----------------------------------|---------------------------------|------------|---------------------------|-----------|
| Preceding<br>Taxable Year | CT Net Income or<br>(CT Net Loss) | NOL Utilized<br>(Income Offset) | Carryovers | Carryover<br>NOL Utilized | Carryover |
| 5th<br>12/31/98           |                                   |                                 |            |                           |           |
| 4th<br>12/31/99           |                                   | •                               |            |                           |           |
| 3rd<br>12/31/00           |                                   |                                 | -          |                           |           |
| <sup>2nd</sup> 12/31/01   |                                   |                                 |            |                           |           |
| 1st<br>12/31/02           |                                   |                                 |            |                           |           |
|                           | ailable To Current Year           |                                 | 0          |                           |           |
| Current Year              | -103,708                          |                                 |            |                           | 103,708   |
| NOL Carryover Av          | vailable To Next Year             |                                 |            |                           | 103,708   |

Form 1120 U.S. Corporation Income Tax Return 2002

Instructions are separate. See instructions for Paperwork Reduction Act Notice.

| Fo          | For calendar year 2002 or tax year beginning , 2002, ending , OMB No. 1545-012:  A Check if a:  B Employer identification number |   |   |                   |             |                 |                        |                        |                                 |           |            |             |                     | 645-0123    |          |             |            |             |                |
|-------------|--|---|---|-------------------|-------------|-----------------|------------------------|------------------------|---------------------------------|-----------|------------|-------------|---------------------|-------------|----------|-------------|------------|-------------|----------------|
| _           |  | ck i  |   | 1                 |             |                 |                        |                        |                                 | -         |            |             |                     |             | В        | Employer    | identifica | tion num    | ıber           |
| 1           | Cons   | olida   | ted return                              | Use IF            | 25          | }               |                        |                        |                                 |           |            |             |                     |             | 1        | 51-03       | 18335      | n           |                |
| _           | •  |   | orm 851) []                             | label.            |             | EMC C           | מידים ב                | I. CORP                | •                               |           |            |             |                     |             | c        | Date incor  |            | <u> </u>    |                |
| Z           | Pers:  | onal i<br>pany (                              | holding<br>(attach<br>PH)               | Other             |             |                 |                        |                        | , 33 FL                         | AOOR      |            |             |                     |             | ~        |             |            | •           |                |
| 3           | Sche   | dule i  | PH) [_]                                 | print of type.    | or          | NEW Y           |                        |                        |                                 | 1001      |            |             |                     |             | <u> </u> |             | )/199      |             | <del></del>    |
| •           | (as d  | etine   | service corp<br>d in Regs<br>441-3(c) — | type.             |             | 21211           | orac, .                | 200                    |                                 |           |            |             |                     |             | טו       | Total asset | is (see in | structions  | .)             |
|             | secu<br>see i  | on 1.4<br>nstruk                              | ctions)                                 |                   |             |                 |                        |                        |                                 |           |            |             |                     |             | i        |             |            |             |                |
| E           | Che  | ck a  | applicable box                          | ces: (            | 1)          | Initial return  | n (2)                  | Final retu             | urn (3)                         | Name      | change     | (4)         | Address cl          | hange       | \$       |             | 11,        | 964,        | 421.           |
|             | T  |   | Gross receipts                          |                   |             |                 |                        | h Less ret             | urns & allowa                   | nces      |            |             | 10                  | Balance .   | •        | 10          |            | <del></del> |                |
| ,           | - }  |   | •                                       |                   | /C = h =    | -dul- 0 1       |                        | ,                      |                                 |           |            |             |                     |             |          |             |            |             |                |
|             | - }  | 2   | Cost of good                            |                   |             |                 |                        |                        |                                 |           |            |             |                     |             | ,        | 2           |            | <del></del> |                |
|             |  | 3   | Gross profit.                           |                   |             |                 |                        |                        |                                 |           |            |             |                     |             |          | 3           |            |             |                |
|             |  | 4   | Dividends (S                            | Schedul           | e C, I      | ine 19)         | · · · <i>· · ·</i> · · |                        |                                 |           |            | · · · · · · |                     |             |          | 4           |            | <u>39,</u>  | 617.           |
| . (         |  | 5   | Interest                                |                   |             |                 |                        |                        |                                 |           |            |             |                     | 1,,         | [        | 5           |            | 15,         | 007.           |
| č           |  | 6   | Gross rents.                            |                   |             |                 |                        |                        |                                 |           |            |             |                     |             |          | 6           |            |             |                |
| N           | 1  | 7   | Gross royalti                           | ies               |             |                 |                        | . <i></i>              |                                 |           |            |             |                     |             | [        | 7           |            |             |                |
| E           |  | 8   | Capital gain                            |                   |             |                 |                        |                        |                                 |           |            |             |                     |             | •        | 8           |            |             |                |
|             | -  | 9   | Net gain or (                           |                   |             |                 |                        |                        |                                 |           |            |             |                     |             | ,        | 9           |            |             |                |
|             | - }  | -   | -                                       |                   |             |                 |                        |                        |                                 |           |            |             |                     |             | - 1      |             |            |             |                |
|             | -  | 10  | Other income (s                         |                   |             |                 | -                      |                        |                                 |           |            |             |                     |             |          | 10          |            |             |                |
|             | _  | <u> 11                                   </u> | Total incom                             |                   |             |                 |                        |                        |                                 |           |            |             |                     |             |          | 11          |            | 54,         | 624.           |
|             | -  | 12  | Compensation                            |                   |             | •               |                        |                        |                                 |           |            |             |                     |             | -        | 12          |            |             |                |
| Ď           | -  | 13  | Salaries and                            |                   |             |                 |                        |                        |                                 |           |            |             |                     |             |          | 13          |            |             |                |
| E<br>D<br>U | FOR  | 14  | Repairs and                             |                   |             |                 |                        |                        |                                 |           |            |             |                     |             |          | 14          |            |             |                |
| บั          | $\Gamma$   | 15  | Bad debts                               |                   |             |                 |                        |                        |                                 |           |            |             |                     |             | - ₽      | 15          |            |             |                |
| Č<br>T      | , ,  | 16  | Rents                                   |                   |             |                 |                        |                        |                                 |           |            |             |                     |             |          | 16          |            |             |                |
| 1           | M  | 17  | Taxes and li                            | censes            |             |                 |                        |                        |                                 |           |            |             |                     | • • • • • • |          | 17          |            |             |                |
| ò           | I  | 18  | Interest                                |                   |             |                 |                        |                        |                                 |           |            |             |                     |             |          | 18          |            |             | 657.           |
| Й           | Î  | 19  | Charitable co                           |                   |             |                 |                        |                        |                                 |           |            |             |                     |             |          | 19          |            |             |                |
| S           | ġ  | 20  | Depreciation                            | (attach           | ı Forn      | n 4562) .       | • • • • • • •          | ·                      | · · · · · · · · · · · · · · · · |           |            | 20          | <del></del>         |             |          |             |            |             |                |
| ş           | Š  | 21  | Less depreci                            | iation cl         | laime       | d on Sche       | edule A                | and elsev              | vhere on re                     | turn      | <u>L</u>   | 21 a        |                     |             |          | 21 b        |            |             |                |
| S<br>E<br>E | 0  | 22  | Depletion                               |                   |             | <i>.</i>        |                        | ·                      |                                 |           |            |             |                     |             | [        | 22          |            |             |                |
| 1           | N  | 23  | Advertising.                            |                   |             | <b></b> .       |                        | <i></i>                |                                 |           |            |             |                     |             | · [      | 23          |            | •           |                |
| N<br>S      | E  | 24  | Pension, pro                            | fit-shar          | ing, e      | tc, plans.      |                        | <i>.</i>               |                                 |           |            | <b></b> .   |                     |             | <u>L</u> | 24          |            |             |                |
| Ţ           | Đ  |   | Employee be                             |                   |             |                 |                        |                        |                                 |           |            |             |                     |             |          | 25          |            |             |                |
| NSTRUCT     | ğΪ   | 26  | Other deductions (attach schedule)      |                   |             |                 |                        |                        |                                 |           | r.1        | L           | 26                  |             | 89,      | 322.        |            |             |                |
| Ţ           | • 1  |   | Total deduct                            |                   |             |                 | -                      |                        |                                 |           |            |             |                     |             |          | 27          |            | 89,         | 979.           |
| ò           | ra 1   |   | Taxable income                          |                   |             |                 |                        |                        |                                 |           |            |             |                     |             | [        | 28          |            | -35,        | 355 <i>.</i>   |
| Ö<br>N<br>S | 5  | 29  | Less: a Net                             |                   |             |                 |                        |                        |                                 |           |            |             |                     |             |          |             |            |             |                |
|             | 1  |   | <b>b</b> Sp                             | ecial de          | ducti       | ons (Sche       | dule C,                | line 20).              |                                 |           |            | 29 b        | 3                   | 9,61        | 7.       | 29 c        |            | 39,         | 617.           |
|             | Т  | 30  | Taxable inco                            | me. Su            | btrac       | t line 29c      | from lin               | e 28                   |                                 |           |            |             |                     |             | [        | 30          |            | -74,        | 972.           |
| Ā           | -  | 31  | Total tax (Sc                           | hedule            | J, lin      | e 11)           |                        |                        |                                 |           | <i></i>    |             |                     |             | Г        | 31          |            |             | 0.             |
| A           |  |   |   | a 2001 overedited |             |                 | 32 a                   |                        |                                 |           |            |             |                     |             |          |             |            |             |                |
|             | - 1  |   | 2002 estimat                            |                   |             |                 | 32 b                   |                        |                                 |           |            |             |                     |             |          |             |            |             |                |
| N           |  |   | Less 2002 refun                         |                   |             |                 |                        |                        |                                 | 4 5       | 3al►       | 32 d        |                     | (           | 0.       |             |            |             |                |
| D           |  |   | Tax deposite                            |                   |             |                 | . (35.6)               |                        |                                 |           | }~         | 32 e        | ·                   | <u>'</u>    |          |             |            |             |                |
| P           |  | -   | •                                       |                   |             |                 |                        | ! (-4                  |                                 | 04705     |            |             |                     | <del></del> |          |             |            |             |                |
| Ā           |  |   | Credit for tax                          | •                 |             |                 | -                      | -                      |                                 |           | 1          | 32 f        |                     |             |          |             |            |             |                |
| A           |  | _   | Credit for fed                          |                   |             |                 |                        |                        |                                 |           |            | 32 g        |                     |             |          | 32 h        |            |             | 0.             |
| NENTS       |  | 33  | Estimated ta                            | x penal           | ty (se      | e instruct      | tions). C              | heck if Fo             | orm 2220 is                     | attac     | hed        |             | • • • • • • • • • • | <b>-</b>    | L        | 33          |            |             |                |
| N           |  | 34  | Tax due. If li                          | ne 32h            | is sm       | aller than      | the tota               | al of lines            | ; 31 and 33;                    | , enter   | amoun      | it owed     | l                   | `           | L        | 34          |            |             | 0.             |
| Ţ           |  | 35  | Overpaymen                              | it. If line       | e 32h       | is larger       | than the               | total of l             | lines 31 and                    | d 33, e   | nter an    | nount o     | verpaid             |             | [        | 35          |            |             |                |
| >           |  | 36  | Enter amount of                         | line 35 ye        | ou wan      | t: Credited :   | to 2003 es             | timated tax            | C                               | <b>-</b>  |            |             | Ref                 | unded       | - [      | 36          |            |             |                |
| 01-         |  | Und   | er penalties of pe                      | riury, I dec      | lare th     | at I have exa   | mined this             | return, inclu          | iding accompar                  | nying scl | nedules an | d statem    | ents, and to th     | e best of   | my kr    | nowledge    | May the    | IRS disc    | uss this       |
| Siç         | lu<br>Iu   | 1.  | belief, it is true, c                   | хопест, ап        | a comp      | nete. Declara   | ition of pre           | parer (otner           | A D D V                         | is based  | on all int | rormation   | of which prepa      | arer has a  | ny ka    | iowledge.   | return w   | ith the pr  | eparer         |
| He          | 16   | •   | Signature of offic                      | er                |             | —— <del>[</del> | <del>╎┤┤</del> ┡╸╿     | 41.6                   | ( date Y                        |           |            | Titl        | e                   |             |          | ·           |            | elow? (s    | ee inst)<br>No |
|             |  | ــــــا                                       | <del></del>                             |                   | <u> </u>    |                 | ┸┺╁┺╾╀                 | ** <u>,</u> <b>'</b> , | The state of                    | Date      |            |             | <del></del>         | Prenz       | rer's    | SSN or PTI  |            | 1160        | 140            |
| Pa          | i Ai   |   | Preparer's signature                    | <b>&gt;</b> (     | <b>/</b> }, | 14              | $M_{\star}$            | NIT                    | X 6                             | "         | •          |             | eck if self-        | l           |          | 9104        | •          |             |                |
|             |  | rer   | l                                       | ie –              | ਨੂੰ ਜ਼      | ARLES           | F. CU                  | RCIO,                  | CPA                             |           |            | 1 em        | iployed   2         | <del></del> |          | 23-246      | 3000       |             |                |
|             |  | nly   |   | ``                | PO          | BOX 5           |                        |                        | <u> </u>                        |           |            |             |                     | EIN         |          | 23 246      | 22203      | ·<br>       |                |
|             |  | ر   | address, an                             | nd                |             | L AIR,          | MD 2:                  | 1014                   |                                 |           |            |             | <del></del>         |             | , jale   | (410)       | 202        | 1-276       | Ω              |
|             |  |   | ZIP Code                                |                   | ניםים       | · arr           | VIU 4.                 | T 0 T 3                | ·····                           |           |            |             |                     | Phone       | : 140.   | (410)       | 073        | -210        | .0             |

| > c | nedule A. Cost of Goods So  |   |                                       |               |   |   |             |                            |
|-----|---|---|---------------------------------------|---------------|---|---|-------------|----------------------------|
| 1   | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,  | •   |                                       |               |   |   | 1           | <u></u>                    |
| 2   | Purchases   |   |                                       |               |   |   | 2           |                            |
| 3   | Cost of labor   |   |                                       |               | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, |   | 3           | <u> </u>                   |
| 4   | Additional Section 263A costs (attach schedu  | ule)  |                                       |               |   |   | 4           |                            |
| 5   | Other costs (attach schedule)   |   | <i></i>                               | <b></b> .     |   |   | 5           | 1                          |
| 6   |   |   |                                       |               |   |   |             |                            |
| 7   |   |   |                                       |               |   |   |             |                            |
| 8   | Cost of goods sold. Subtract line 7   | 7 from line 6. Enter he                                 | re and on lin                         | ne 2, pa      | ige 1.,. <mark>,</mark> ,,              |   | 8           |                            |
| 9   | a Check all methods used for valuing  | closing inventory:                                      |                                       |               |   |   |             |                            |
|     | (i) Cost as described in Regula   | ations section 1.471-3                                  |                                       |               |   |   |             |                            |
|     | (ii) Lower of cost or market as   | described in Regulation                                 | ons section 1                         | 1.471-4       |   |   |             |                            |
|     | (iii) Other (specify method used and at   | <del>-</del>  |                                       |               |   |   |             |                            |
|     | b Check if there was a writedown of   |   |                                       | o autoti      | ans section 1 4                         | 71 2(0)                                 |             |                            |
|     |   | -   |                                       | -             |   | * *                                     |             | la-d                       |
|     | c Check if the LIFO inventory method  | •   | -                                     | -             | •                                       | •                                       | l l         |                            |
| •   | If the LIFO inventory method was u  |   |                                       |               |   |   |             | •                          |
|     | computed under LIFO   |   |                                       |               |   |   | 9d          |                            |
| •   | e If property is produced or acquired   | for resale, do the rule                                 | s of section                          | 263'A ap      | oply to the corpo                       | oration?                                | • • • • •   | Yes No                     |
| 1   | Was there any change in determini   | no quantities, cost, or                                 | valuations b                          | etween        | opening and                             |   |             |                            |
|     | closing inventory? If 'Yes,' attach e   | xplanation  |                                       |               |   |   |             | Yes No                     |
| C   | Dividends and Spe   | ecial Deductions  |                                       | (a)           | Dividends                               | (b) Percentac                           | 1e          | (c) Special deductions     |
|     | (see instructions)  |   | }                                     |               | received                                | (a) a a a a a a a a a a a a a a a a a a |             | (a) x (b)                  |
|     | D: 11 - 1 - 1 - 1 - 200/  | ad domonatio por a sotio                                | and that are                          |               |   |   |             |                            |
| ٠,  | Dividends from less-than-20%-owner subject to the 70% deduction (other                  | r than debt-financed s                                  | lock)                                 |               | 1                                       | 70                                      |             |                            |
| 1   | ,   |   | · · · · · · · · · · · · · · · · · · · |               |   | <del></del>                             |             |                            |
| 2   | Dividends from 20%-or-more-owner subject to the 80% deduction (other                    | d domestic corporation                                  | is that are                           |               |   | 80                                      |             |                            |
| -   | Dividends on debt-financed stock of domestic  |   |                                       |               |   | SEE INSTE                               | ,           | <del></del>                |
| 3   |   | - '   |                                       |               |   |   | ٠           |                            |
| 4   | Dividends on certain preferred stock of less-t  |   | ir                                    |               |   | 42                                      |             |                            |
| 5   | Dividends on certain preferred stock of 20%-  | or-more-owned public utiliti                            | es                                    |               |   | 48                                      |             |                            |
| 6   | Dividends from less-than-20%-owned  | ed foreign corporations                                 | s                                     |               |   |   | Ì           |                            |
|     | and certain FSCs that are subject to  | o the 70% deduction                                     |                                       |               |   | 70                                      |             |                            |
| 7   | Dividends from 20%-or-more-owned  | foreign corporations                                    | 1                                     |               | ł                                       |   | 1           |                            |
| -   | and certain FSCs that are subject to  | o the 80% déduction                                     | [                                     | <u> </u>      |   | 80                                      |             |                            |
| 8   | Dividends from wholly owned foreig  | n subsidiaries subject                                  | to the                                |               | }                                       | 100                                     |             |                            |
| _   | 100% deduction (section 245(b))   |   | <b>1</b> 5                            |               |   | 100                                     |             |                            |
|     | Total. Add lines 1 through 8. See in  |   |                                       |               |   |   |             |                            |
| 10  | Dividends from domestic corporations receive company operating under the Small Business | ed by a small business invest<br>Impostment act of 1958 | tment                                 |               | ì                                       | 100                                     | - 1         |                            |
| 11  |   |   |                                       |               |   | 100                                     |             | ·                          |
|     | Dividends from affiliated group men   | ,   |                                       |               |   | 100                                     |             |                            |
| 12  | deduction (section 243(a)(3))   | nibers subject to the in                                |                                       |               | 39,617.                                 | 100                                     | - 1         | 39,617.                    |
| 13  | Other dividends from foreign corporations not   | included on lines 3, 6, 7, 8,                           | or 11                                 |               |   |   |             |                            |
| 14  |   |   | _                                     | ············· |   |   |             |                            |
|     | Foreign dividend gross-up (section )  |   |                                       |               |   |   |             |                            |
| 16  | IC-DISC and former DISC dividends not include   | -   | · · · · · · · · · · · · · · · · · · · |               |   |   |             |                            |
| 17  | Other dividends   |   |                                       |               |   |   |             |                            |
| 18  | Deduction for dividends paid on certain prefer  | rred stock of public utilities.                         | <i></i> . <b>.</b>                    |               |   |   |             |                            |
| 19  | Total dividends. Add lines 1 through 17. Ente   | er here and on line 4, page 1                           | ►[                                    |               | 39,617.                                 |   |             |                            |
| 20  | Total special deductions. Add lines   | 9, 10, 11, 12, and 18.                                  | Enter here                            | and on        |   |   | <b>&gt;</b> | 39,617.                    |
|     | Compensation of C   |   |                                       |               |   | <u></u>                                 |             |                            |
| 7,5 | Note: Complete Schedu   |   |                                       |               |   | on page 1) are \$:                      | 500.00      | 00 or more.                |
| 1   | <del></del>   | (b)   | (c) Percer                            |               |   | poration stock owned                    |             |                            |
| 1   | (a)<br>Name of officer  | Social security number                                  | time devo                             | oted F        |   | <del></del>                             | -           | (f) Amount of compensation |
|     |   | <del> </del>  | (บ มนรากเ                             | \$2S          | (d) Common                              | (e) Preferre                            | ed<br>%     |                            |
|     |   | <del> </del>  |                                       | - %           |   | 5                                       | 9           |                            |
|     |   | <del> </del>  |                                       | - 8           |   | 5                                       | 8           |                            |
|     |   | <del> </del>  | ·····                                 | - %           |   | <u> </u>                                | 왕           |                            |
|     |   | <del> </del>  |                                       | 8             |   |   | 8           |                            |
| 2   | Total compensation of officers  | <u> </u>  |                                       |               |   | <u></u>                                 |             |                            |
|     | Compensation of officers claimed or   |   | where on re                           | turn          |   |   | ····}       |                            |
|     | Subtract line 3 from line 2. Enter the  |   |                                       |               |   |   |             |                            |
| 7   | Subtract time 5 from time 2. Enter the  | CAUCATION BILL OIL III                                  | iv is, paye                           | <u> </u>      | <u></u>                                 | <u></u>                                 | ]_          |                            |

Form 1120 (2002)

51-0383350

Page 2

| or  | m 1120 (2002) EMC CAPITAL CORP 51-03833  | 350       |   |   | Page :           |
|-----|--|-----------|---|---|------------------|
| S¢  | heduled Tax Computation (see instructions)   |           |   |   |                  |
| 1   | Check if the corporation is a member of a controlled group (   | (see se   | ections 1561 and 1563)                          | ▶ 📗   |                  |
|     | Important: Members of a controlled group, see instructions.  |           |   |   |                  |
| 2   | a If the box on line 1 is checked, enter the corporation's share of the \$50,000,  | \$25,000, | & \$9,925,000 taxable income I                  | brackets (in that order):                                 |                  |
|     | (1) \$ (2) \$  |           | (3) \$  |   |                  |
|     | b Enter the corporation's share of: (1) Additional 5% tax (not more  | than \$11 | ,750)\$   |   |                  |
|     | (2) Additional 3% tax (not more  | than \$10 |   |   |                  |
| 3   | Income tax. Check if a qualified personal service corporation  |           |   |   |                  |
| J   | (see instructions)   |           |   |   | 0.               |
| 4   | Alternative minimum tax (attach Form 4626)   |           |   |   | <del> </del>     |
|     | Add lines 3 and 4  |           |   |   | <del> </del>     |
|     | a Foreign tax credit (attach Form 1118)  |           |   |   | 0.               |
|     |  |           |   |   |                  |
|     | b Possessions tax credit (attach Form 5735)  |           |   |   |                  |
| 1   | c Check: Nonconventional source fuel credit QEV credit (attach F   | orm 883   | 4)6c  |   |                  |
| 4   | d General business credit. Check box(es) and indicate which f  | orms a    | f t   |   | ·                |
|     | Form 3800 Form(s) (specify).   |           | 6d  |   |                  |
| •   | e Credit for prior year minimum tax (attach Form 8827)   |           | <u>6e</u>                                       |   |                  |
|     | Qualified zone academy bond credit (attach Form 8860)  |           |   |   | · .              |
| 7   | Total credits. Add lines 6a through 6f   |           |   |   | <u></u>          |
| 8   | Subtract line 7 from line 5  |           |   |   |                  |
| 9   | Personal holding company tax (attach Schedule PH (Form 1   | 120)).    |   | 9   |                  |
| 10  | Other taxes. Check if from: Form 4255 Form 86  | 11        | Form 8697                                       |   |                  |
|     |  |           |   |   |                  |
| 11  | Total tax. Add lines 8 through 10. Enter here and on line 31,  |           |   |   | 0.               |
|     | Other Information (see instructions)   | <u></u>   | · · · · · · · · · · · · · · · · · · ·           |   | <u> </u>         |
|     | Check method of accounting: Yes  | No        |   | ·   | Yes No           |
| i   | a Cash b X Accrual   |           | 7 At any time during th                         | e tax year, did one foreig                                | n person         |
|     | Other (specify)  | i         | own, directly or indire                         | ectiv. at least 25% of <b>(a)</b> (                       | he total         |
|     | See the instructions and enter the:  |           | entitled to vote or (b)                         | asses of stock of the corp<br>the total value of all clas | ses of           |
| 3   | a Business activity code no. ► 523130  |           | <ul> <li>stock of the corporati</li> </ul>      | on?   | X                |
| 1   | Business activity ► SECURITY TRADER  c Product or service ► HEDGE FUND   |           | If 'Yes,' enter: (a) Pe                         | rcentage owned  |                  |
| 3 ' | At the end of the tax year, did the corporation own  |           | and (b) Owner's cour                            | itry ►  |                  |
| J   | At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, |           | c The corporation may                           | have to file Form 5472.                                   |                  |
|     | of a domestic corporation? (For rules of attribution, see section 267(c).)   |           | Corporation or a Fore                           | a 25% Foreign-Owned L                                     | ).S.<br>Lin      |
|     | If 'Yes,' attach a schedule showing: (a) name  |           |   | eign Corporation Engaged<br>ness. Enter number of         |                  |
|     | and employer identification number (EIN), (b)  |           |   |   |                  |
|     | percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such   | 3         |   | corporation issued public                                 |                  |
|     | cornoration for the tax year ending with or within   |           | debt instruments with                           | original issue discount                                   | ▶ 📗              |
|     | your tax year. SEE STATEMENT 2   |           | If checked, the corpo                           | ration may have to file Fo                                | rm 8281,         |
| 4   | Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?  |           | Discount Instruments                            | r Publicly Offered Origina                                | l Issue          |
|     | or a parent-subsidiary controlled group?   | 9         |   | ax-exempt interest receiv                                 | ed or            |
|     | ENERGY MERCHANT HOLDING INC  |           | accrued during the ta                           |   | NONE             |
|     | 13-4104912   | 10        |   | shareholders at the end of                                |                  |
| 5   | At the end of the tax year, did any individual, part-  |           |   | , , ,   |                  |
|     | nership, corporation, estate or trust own, directly or indirectly, 50% or more of the corporation's voting   | 11        |   | an NOL for the tax year.                                  |                  |
|     | stock? (For rules of attribution, see section 267(c).) X   |           |   | ck period, check here                                     |                  |
|     | If 'Yes,' attach a schedule showing name and   |           | If the corporation is fi                        | ling a consolidated return                                | , the            |
|     | identifying number. (Do not include any information already entered in 4 above.)   |           | statement required by                           | Regulations section 1.15                                  | 502-21 (b)(3)(i) |
|     | Enter % owned > 100.%  |           |   | ed or the election will not                               |                  |
|     | SEE STATEMENT 3  | 12        | : Enter the available Ni (Do not reduce it by a | OL carryover from prior ta<br>any deduction on line 29a   | x years          |
| 6   | During this tax year, did the corporation pay dividends  |           | ►\$   | NONE  |                  |
|     | (other than stock dividends and distributions in exchange for stock) in excess of the corporation's  | 13        | ' <del></del>                                   | total receipts (line 1a plus                              | s lines 4        |
|     | current and accumulated earnings and profits? (See   |           | through 10 on page 1                            | ) for the tax year <b>and</b> its t                       | otal assets      |
|     | sections 301 and 316.)   | X         | -   | rear less than \$250,000?                                 | 19977an 1996     |
|     | If 'Yes,' file Form 5452, Corporate Report of  |           | If 'Yes,' the corporation                       | in is not required to comp<br>d M-2 on page 4. Instead,   | lete             |
|     | Nondividend Distributions, If this is a consolidated return, answer here for the   | 45        | total amount of cash of                         | distributions and the book                                | value of         |
|     | parent corporation and on Form 851, Affiliations   |           | property distributions                          | (other than cash) made d                                  | uring the        |
|     | Schedule, for each subsidary.  | 100       | tax year, ► \$                                  |   |                  |

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

|  | e: The corporation is not required to complete S<br>hedule 1998: Balance Sheets per Books  |  | <i>1-2 if Question 13 on S</i> oof tax year  |   | 'Yes.'<br>tax year               |
|--|--|--|--|---|----------------------------------|
| 30   | Assets   | (a)  | (b)  | (c)   | (d)                              |
| -  |  |  |  |   |                                  |
|  | Cash   | THE RESIDENCE OF THE PARTY OF T |  |   |                                  |
| -  |  |  |  | <del></del>   |                                  |
|  | b Less allowance for bad debts   |  |  |   |                                  |
| 3  |  | 150 to 250   |   |                                  |
| 4  | U.S. government obligations  |  |  |   |                                  |
| 5  | Tax-exempt securities (see instructions)   |  | . 0 430 046  |   | 11 156 634                       |
| 6  | Other current assets (attach schedule) SEE . ST 4  |  | 8,430,946.   |   | 11,156,634.                      |
| 7  | Loans to shareholders  |  |  |   |                                  |
| 8  | Mortgage and real estate loans   |  |  |   |                                  |
| 9  | Other investments (attach schedule) SEE . ST5  |  | 3,169,159.   | See a service service (See  | 807,787.                         |
| 10   | Buildings and other depreciable assets   |  |  |   |                                  |
|  | b Less accumulated depreciation  |  |  |   |                                  |
| 71:  | a Depletable assets  |  |  |   |                                  |
| 1  | b Less accumulated depletion   |  |  |   |                                  |
| 12   | Land (net of any amortization)   |  |  |   |                                  |
| 13:  | a Intangible assets (amortizable only)   |  |  |   |                                  |
|  | Less accumulated amortization  |  |  |   |                                  |
|  | Other assets (attach schedule)   | product of the contract member of the last contract of the contract of   |  |   |                                  |
|  | Total assets   |  | 11,600,105.  |   | 11,964,421.                      |
|  | Liabilities and Shareholders' Equity   |  |  |   |                                  |
| 16   | Accounts payable   |  | ,  |   |                                  |
| 17   | Mortgages, notes, bonds payable in less than 1 year  |  |  |   |                                  |
| 18   | Other current liabilities (attach sch) SEE . ST 6  |  | 201,644.   |   | 786,235.                         |
| 19   | Loans from shareholders  |  | <u></u>  |   |                                  |
| 20   | Mortgages, notes, bonds payable in 1 year or more  | f <sub>e</sub>   | ·  |   |                                  |
| 21   | Other liabilities (attach schedule)  |  |  |   |                                  |
| 22   | Capital stock: a Preferred stock   |  | The second second  | í   |                                  |
|  | ·  | 4 000 000  |  |   |                                  |
|  | b Common stock   | 1,000,000.   | 1,000,000.   | 1,000,000.  | 1,000,000.                       |
| 23   | Additional paid-in capital   | 1,000,000.   | 1,000,000.   | 1,000,000.  | 1,000,000.                       |
| 24   | Additional paid-in capital   |  |  | 1,000,000.  |                                  |
| 24<br>25                                       | Additional paid-in capital   |  | 1,000,000.   | 1,000,000.  | 1,000,000.                       |
| 24<br>25<br>26                                 | Additional paid-in capital   |  |  | 1,000,000.  |                                  |
| 24<br>25<br>26<br>27                           | Additional paid-in capital  Retained earnings — Approp (att sch)   |  | 10,398,461.  | 1,000,000.  | 10,178,186.                      |
| 24<br>25<br>26<br>27<br>28                     | Additional paid-in capital   |  | 10,398,461.  |   | 10,178,186.                      |
| 24<br>25<br>26<br>27<br>28                     | Additional paid-in capital   | (Loss) per Books   | 10,398,461.<br>11,600,105.<br>With Income per R  | eturn (see instruction  | 10,178,186.                      |
| 24<br>25<br>26<br>27<br>28                     | Additional paid-in capital.  Retained earnings — Approp (att sch)  Retained earnings — Unappropriated.  Adjmnt to shareholders' equity (att sch).  Less cost of treasury stock.  Total liabilities and shareholders' equity.  Reconciliation of Income  Net income (loss) per books.   | (Loss) per Books   | 10,398,461.<br>11,600,105.<br>With Income per Royal Income recorded of the second of the s | <b>eturn</b> (see instruction<br>on books this year not   | 10,178,186.                      |
| 24<br>25<br>26<br>27<br>28                     | Additional paid-in capital.  Retained earnings — Approp (att sch)  Retained earnings — Unappropriated.  Adjmnt to shareholders' equity (att sch).  Less cost of treasury stock.  Total liabilities and shareholders' equity.  Reconciliation of Income  Net income (loss) per books.  Federal income tax per books.  | (Loss) per Books<br>-220,275.  | 10,398,461.  11,600,105.  With Income per Residued on this residued on this residued.  | <b>eturn</b> (see instruction<br>on books this year not   | 10,178,186.                      |
| 24<br>25<br>26<br>27<br>28<br>1<br>2           | Additional paid-in capital.  Retained earnings — Approp (att sch)  Retained earnings — Unappropriated.  Adjmnt to shareholders' equity (att sch).  Less cost of treasury stock.  Total liabilities and shareholders' equity.  Reconciliation of Income  Net income (loss) per books.  Federal income tax per books.  Excess of capital losses over capital gains.  | (Loss) per Books   | 10,398,461.<br>11,600,105.<br>With Income per Royal Income recorded of the second of the s | <b>eturn</b> (see instruction<br>on books this year not   | 10,178,186.                      |
| 24<br>25<br>26<br>27<br>28                     | Additional paid-in capital   | (Loss) per Books<br>-220,275.  | 10,398,461.  11,600,105.  With Income per Residued on this residued on this residued.  | <b>eturn</b> (see instruction<br>on books this year not   | 10,178,186.                      |
| 24<br>25<br>26<br>27<br>28<br>1<br>2           | Additional paid-in capital.  Retained earnings — Approp (att sch)  Retained earnings — Unappropriated.  Adjmnt to shareholders' equity (att sch).  Less cost of treasury stock.  Total liabilities and shareholders' equity.  Reconciliation of Income  Net income (loss) per books.  Federal income tax per books.  Excess of capital losses over capital gains.  | (Loss) per Books<br>-220,275.  | 10,398,461.  11,600,105.  With Income per Road included on this real transfer of the second of the s     | eturn (see instruction<br>on books this year not<br>eturn (itemize):  | 10,178,186.                      |
| 24<br>25<br>26<br>27<br>28<br>1<br>2<br>3<br>4 | Additional paid-in capital   | (Loss) per Books<br>-220,275.  | 10,398,461.  11,600,105.  With Income per R. 7 Income recorded included on this retained to the second seco     | eturn (see instruction<br>on books this year not<br>eturn (itemize):  | 10,178,186.                      |
| 24<br>25<br>26<br>27<br>28<br>1<br>2<br>3<br>4 | Additional paid-in capital.  Retained earnings — Approp (att sch)  Retained earnings — Unappropriated  | (Loss) per Books<br>-220,275.  | 10,398,461.  11,600,105.  With Income per R. 7 Income recorded included on this retained to the second seco     | eturn (see instruction<br>on books this year not<br>eturn (itemize):<br>Im not charged<br>is year (itemize):  | 10,178,186.                      |
| 24<br>25<br>26<br>27<br>28<br>1<br>2<br>3<br>4 | Additional paid-in capital.  Retained earnings — Approp (att sch)  Retained earnings — Unappropriated  | (Loss) per Books<br>-220,275.  | 10,398,461.  11,600,105.  With Income per R. 7 Income recorded included on this retardated included on this retardated included on this retardated included on the retardated included on the retardated included on the retardated included included on the retardated included      | eturn (see instruction<br>on books this year not<br>eturn (itemize):<br>im not charged<br>is year (itemize):  | 10,178,186.                      |
| 24<br>25<br>26<br>27<br>28<br>1<br>2<br>3<br>4 | Additional paid-in capital   | (Loss) per Books<br>-220,275.  | 10,398,461.  11,600,105.  With Income per R. 7 Income recorded included on this retained to the second seco     | eturn (see instruction<br>on books this year not<br>eturn (itemize):<br>im not charged<br>is year (itemize):  | 10,178,186.                      |
| 24<br>25<br>26<br>27<br>28<br>1<br>2<br>3<br>4 | Additional paid-in capital.  Retained earnings — Approp (att sch)  Retained earnings — Unappropriated.  Adjmnt to shareholders' equity (att sch).  Less cost of treasury stock.  Total liabilities and shareholders' equity.  Reconciliation of Income  Net income (loss) per books.  Excess of capital losses over capital gains.  Income subject to tax not recorded on books this year (itemize):  Expenses recorded on books this year not deducted on this return (itemize):  a Depreciation.  \$   | (Loss) per Books<br>-220,275.  | 10,398,461.  11,600,105.  With Income per R. 7 Income recorded included on this retardated included on this retardated included on this retardated included on the retardated included on the retardated included on the retardated included included on the retardated included      | eturn (see instruction<br>on books this year not<br>eturn (itemize):<br>im not charged<br>is year (itemize):  | 10,178,186.                      |
| 24<br>25<br>26<br>27<br>28<br>1<br>2<br>3<br>4 | Additional paid-in capital   | (Loss) per Books<br>-220,275.  | 10,398,461.  11,600,105.  With Income per R. 7 Income recorded included on this retardated included on this retardated included on this retardated included on the retardated included on the retardated included on the retardated included included on the retardated included      | eturn (see instruction<br>on books this year not<br>eturn (itemize):<br>im not charged<br>is year (itemize):  | 10,178,186.                      |
| 24<br>25<br>26<br>27<br>28<br>1<br>2<br>3<br>4 | Additional paid-in capital.  Retained earnings — Approp (att sch)  Retained earnings — Unappropriated.  Adjmnt to shareholders' equity (att sch).  Less cost of treasury stock.  Total liabilities and shareholders' equity.  Reconciliation of Income  Net income (loss) per books.  Excess of capital losses over capital gains.  Income subject to tax not recorded on books this year (itemize):  Expenses recorded on books this year not deducted on this return (itemize):  a Depreciation.  \$   | (Loss) per Books<br>-220,275.  | 10,398,461.  11,600,105.  With Income per R.  7 Income recorded included on this retractions on this retraction against book income the a Depreciation. \$ b Charitable contribus \$   | eturn (see instruction on books this year not eturn (itemize):  Im not charged is year (itemize):   | 10,178,186.<br>11,964,421.<br>s) |
| 24<br>25<br>26<br>27<br>28<br>1<br>2<br>3<br>4 | Additional paid-in capital.  Retained earnings — Approp (att sch)  Retained earnings — Unappropriated  | (Loss) per Books<br>-220,275.<br>184,920.  | 10,398,461.  11,600,105.  With Income per R.  7 Income recorded included on this retractions on this retractions to the against book income the a Depreciation. \$ b Charitable contribus \$   | eturn (see instruction on books this year not eturn (itemize):  Im not charged is year (itemize):   | 10,178,186.<br>11,964,421.<br>s) |
| 24<br>25<br>26<br>27<br>28<br>1<br>2<br>3<br>4 | Additional paid-in capital.  Retained earnings — Approp (att sch)  Retained earnings — Unappropriated  | (Loss) per Books<br>-220,275.<br>184,920.  | 10,398,461.  11,600,105.  With Income per R. 7 Income recorded included on this return against book income the a Depreciation. \$ b Charitable contribus \$  | eturn (see instruction on books this year not eturn (itemize):  Im not charged is year (itemize):   | 10,178,186.<br>11,964,421.<br>s) |
| 24<br>25<br>26<br>27<br>28<br>1<br>2<br>3<br>4 | Additional paid-in capital.  Retained earnings — Approp (att sch)  Retained earnings — Unappropriated.  Adjmnt to shareholders' equity (att sch).  Less cost of treasury stock.  Total liabilities and shareholders' equity.  Reconciliation of Income  Net income (loss) per books.  Excess of capital losses over capital gains.  Income subject to tax not recorded on books this year (itemize):  Expenses recorded on books this year not deducted on this return (itemize):  a Depreciation\$  Charitable contributions. \$  Carravel & entertainment\$  Add lines 1 through 5.  | (Loss) per Books<br>-220,275.<br>184,920.<br>-35,355.<br>ed Retained Earnir  | 10,398,461.  11,600,105.  With Income per Reference of the included on this reference of the included on this reference of the included on this reference of the included on this reference of the included on this reference of the included on this reference of the included on this reference of the included on this reference of the included on this reference of the included on the i     | eturn (see instructions on books this year not eturn (itemize):  Im not charged is year (itemize):   ) - line 6 less line 9 e 25, Schedule L)                                 | 10,178,186.  11,964,421. s)      |
| 24<br>25<br>26<br>27<br>28<br>1<br>2<br>3<br>4 | Additional paid-in capital.  Retained earnings — Approp (att sch)  Retained earnings — Unappropriated.  Adjmnt to shareholders' equity (att sch).  Less cost of treasury stock.  Total liabilities and shareholders' equity.  Reconciliation of Income  Net income (loss) per books.  Excess of capital losses over capital gains.  Income subject to tax not recorded on books this year (itemize):  Expenses recorded on books this year not deducted on this return (itemize):  a Depreciation\$  Charitable contributions. \$  Carravel & entertainment\$  Add lines 1 through 5.  Redaktive Analysis of Unappropriated and shareholders' and shareholders' and shareholders' and shareholders' equity.  Retained earnings — Unappropriated earnings—  Retained earnings— Analysis of Unappropriated earning | -35,355. ed Retained Earnir 10,398,461.  | 10,398,461.  11,600,105.  With Income per R.  7 Income recorded included on this retraction against book income the a Depreciation. \$ b Charitable contribus \$  9 Add lines 7 and 8.  10 Income (line 28, page ligs per Books (Line 5 Distributions.   | eturn (see instruction on books this year not eturn (itemize):  Im not charged is year (itemize):  1) — line 6 less line 9  | 10,178,186.<br>11,964,421.<br>s) |
| 24<br>25<br>26<br>27<br>28<br>1<br>2<br>3<br>4 | Additional paid-in capital.  Retained earnings — Approp (att sch)  Retained earnings — Unappropriated.  Adjmnt to shareholders' equity (att sch).  Less cost of treasury stock.  Total liabilities and shareholders' equity.  Reconciliation of Income  Net income (loss) per books.  Excess of capital losses over capital gains.  Income subject to tax not recorded on books this year (itemize):  Expenses recorded on books this year not deducted on this return (itemize):  a Depreciation\$  Charitable contributions. \$  Carravel & entertainment\$  Add lines 1 through 5.  | (Loss) per Books<br>-220,275.<br>184,920.<br>-35,355.<br>ed Retained Earnir  | 10,398,461.  11,600,105.  With Income per R.  7 Income recorded included on this retractions on this retraction against book income the a Depreciation. \$ b Charitable contribus \$ b Charitable contribus \$ 10 Income (line 28, page 195 per Books (Line 5 Distributions  | eturn (see instruction on books this year not eturn (itemize):  Im not charged is year (itemize):  I) — line 6 less line 9  | 10,178,186.<br>11,964,421.<br>s) |
| 24<br>25<br>26<br>27<br>28<br>1<br>2<br>3<br>4 | Additional paid-in capital.  Retained earnings — Approp (att sch)  Retained earnings — Unappropriated.  Adjmnt to shareholders' equity (att sch).  Less cost of treasury stock.  Total liabilities and shareholders' equity.  Reconciliation of Income  Net income (loss) per books.  Excess of capital losses over capital gains.  Income subject to tax not recorded on books this year (itemize):  Expenses recorded on books this year not deducted on this return (itemize):  a Depreciation\$  Charitable contributions. \$  Carravel & entertainment\$  Add lines 1 through 5.  Redaktive Analysis of Unappropriated and shareholders' and shareholders' and shareholders' and shareholders' equity.  Retained earnings — Unappropriated earnings—  Retained earnings— Analysis of Unappropriated earning | -35,355. ed Retained Earnir 10,398,461.  | 10,398,461.  11,600,105.  With Income per R.  7 Income recorded included on this retractions on this retraction against book income the a Depreciation. \$ b Charitable contribus \$ 5  9 Add lines 7 and 8. 10 Income (line 28, page ligs per Books (Line 5 Distributions   | eturn (see instruction on books this year not eturn (itemize):  Im not charged is year (itemize):  I) — line 6 less line 9  | 10,178,186.<br>11,964,421.<br>s) |
| 24 25 26 27 28 1 2 3 4 5 5                     | Additional paid-in capital.  Retained earnings — Approp (att sch)  Retained earnings — Unappropriated  | -35,355. ed Retained Earnir 10,398,461.  | 10,398,461.  11,600,105.  With Income per R.  7 Income recorded of included on this returned included on this returned book income the a Depreciation. \$ b Charitable contributes \$ b Charitable contributes \$ 10 Income (line 28, page 19 Income (lin  | eturn (see instruction on books this year not eturn (itemize):  Im not charged is year (itemize):  I) — line 6 less line 9  e 25, Schedule L)  a Cash  c Property . itemize): | 10,178,186.  11,964,421. s)      |
| 24 25 26 27 28 1 2 3 4 5 5 6                   | Additional paid-in capital.  Retained earnings — Approp (att sch)  Retained earnings — Unappropriated  | -35,355. ed Retained Earnir 10,398,461.  | 10,398,461.  11,600,105.  With Income per R.  7 Income recorded of included on this returned included on this returned book income the a Depreciation. \$ b Charitable contributes \$ b Charitable contributes \$ 10 Income (line 28, page 19 Income (lin  | eturn (see instruction on books this year not eturn (itemize):  Im not charged is year (itemize):  I) — line 6 less line 9  | 10,178,186.  11,964,421. s)      |

### SCHEDULE D

(Form 1120)

Department of the Treasury Internal Revenue Service

## **Capital Gains and Losses**

► Attach to Form 1120, 1120-A, 1120-F, 1120-FSC, 1120-H, 1120-IC-DISC, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, 990-C, or certain Forms 990-T.

OMB No. 1545-0123

2002

Employer identification number

| EM  | C CAPITAL CORP  |                                       |                                  |   | 51-03                                   | 8335      | 0  |
|-----|---|---------------------------------------|----------------------------------|---|---|-----------|--|
| Pa  | ntil Short-Term Capital G                                   | ains and Loss                         | es – Assets He                   | ld One Year or L                        | ess                                     |           |  |
|     | (a) Description of property (Example, 100 shares of Z Co)   | (b)  Date acquired (month, day, year) | (C) Date sold (month, day, year) | (d) Sales price (see instructions)      | (e) Cost or other bas (see instructions | sis<br>s) | (f) Gain or (loss) (Subtract (e) from (d)) |
| 1   | FROM K-1  |                                       |                                  |   |   |           | 179,788.                                   |
|     | TRADING PROFITS   | VARIOUS                               | VARIOUS                          |   | 364,7                                   | 708.      | -364,708.                                  |
|     | · · · · · · · · · · · · · · · · · · ·                       |                                       |                                  |   |   |           |  |
|     |   |                                       |                                  |   |   |           |  |
|     | Short-term capital gain from instal                         | Ilment sales from i                   | Form 6252 line 26                | or 27                                   | <u> </u>                                | 2         |  |
| 3   | Short-term gain or (loss) from like                         |                                       |                                  |   |   | 3         | · · · · · · · · · · · · · · · · · · ·      |
| 4   | Unused capital loss carryover (atta                         |                                       |                                  |   |   | 4         |  |
| 5   | Net short-term capital gain or (loss                        |                                       |                                  |   |   | 5         | -184,920.                                  |
| 6   | Long-Term Capital Ga  | ins and Losse                         | s – Assets Hel                   | d More Than One                         | Year                                    |           |  |
|     |   | ·                                     |                                  |   |   |           |  |
|     |   |                                       |                                  |   |   |           |  |
|     |   |                                       |                                  |   |   |           |  |
|     |   |                                       |                                  |   |   |           |  |
|     | ·   |                                       |                                  |   |   |           | <del></del>                                |
|     |   | 1                                     |                                  |   |   |           | <del></del>                                |
| 7   | Enter gain from Form 4797, colum                            |                                       |                                  |   | t                                       | 7         |  |
| 8   | Long-term capital gain from install                         |                                       | •                                |   |   | 8         |  |
| 9   | Long-term gain or (loss) from like-                         |                                       |                                  |   | 7                                       | 9 10      | <del></del>                                |
| 10  | Capital gain distributions (see instrumental pain or (loss) | •                                     |                                  |   | , , , , , , , , , , , , , , , , , , ,   | 11        |  |
| 11  |   |                                       | r triiougit 10                   | • | · · · · · · · · · · · · · · · · · · ·   |           | <del></del> :                              |
|     | Summary of Parts I an                                       | ıd II<br>                             |                                  |   |   | ·<br>     |  |
| 12  | Enter excess of net short-term cap                          | oital gain (line 5) o                 | ver net long-term o              | apital loss (line 11).                  |   | 12        |  |
| 13  | Net capital gain. Enter excess of n                         | et long-term capit                    | al gain (line 11) ov             | er net short-term capi                  | ital loss (line 5).                     | 13        |  |
| 14  | Add lines 12 and 13. Enter here ar                          | nd on Form 1120,                      | page 1, line 8, or th            | ne proper line on othe                  | er returns                              | 14        | 0.   |
|     | Note: If losses exceed gains, see                           | Capital losses in t                   | he instructions.                 |   |   |           |  |
| RAA | For Paperwork Reduction Act Not                             | ice, see the instru                   | ctions for Forms 1               | 120 and 1120-A.                         | · S                                     | chedul    | le D (Form 1120) 2002                      |

| 2002  | FEDERAL S  | TATEMENTS       |   | PAGE 1   |
|---|--|-----------------|---|--|
|   | EMC CAP  | ITAL CORP       |   | 51-0383350   |
| STATEMENT 1<br>FORM 1120, LINE 26<br>OTHER DEDUCTIONS       |  |                 |   |  |
| NET LOSS - EM ADVISO<br>NET LOSS - EM INVEST                | RY CO LLC<br>ORS FD LLC<br>- EM INVESTORS FD LLC |                 |   | 73,238.<br>4,947.<br>10,919.                       |
| STATEMENT 2<br>FORM 1120, SCHEDULE P<br>OWNERSHIP OF 50% OR | C, LINE 3<br>MORE OF DOMESTIC CORF               | PORATION        |   | (Pash  |
| ID NUMBER : 1<br>PERCENTAGE OWNED : 1                       |  | MENT CO., LLC   |   |  |
| STATEMENT 3<br>FORM 1120, SCHEDULE K<br>50% OR MORE OWNERS  | (, LINE 5  |                 | ;   |  |
| NAME : E<br>ID NUMBER : 1<br>PERCENTAGE OWNED : 1           | NERGY MERCHANT HOLDING<br>3-4104912<br>00.00%    | INC             | ė   |  |
| STATEMENT 4<br>FORM 1120, SCHEDULE L<br>OTHER CURRENT ASSET |  |                 |   |  |
| DUE FROM EMC  |  | TOTAL <u>\$</u> | BEGINNING<br>8,430,946. \$<br>8,430,946. \$                               | ENDING<br>11,156,634.<br>11,156,634.               |
| STATEMENT 5<br>FORM 1120, SCHEDULE L<br>OTHER INVESTMENTS   | , LINE 9   |                 |   |  |
| EM ADVISORY CO LLC EM INVESTORS FUND LLC EM MGMT CO LLC     | ······································           |                 | BEGINNING  2,079,519. \$ -24,302. 1,286,991190,821. 17,772. 3,169,159. \$ | ENDING  097,540. 820,374151,205. 236,158. 807,787. |

2002

# FEDERAL STATEMENTS

PAGE 2

**EMC CAPITAL CORP** 

51-0383350

STATEMENT 6 FORM 1120, SCHEDULE L, LINE 18 OTHER CURRENT LIABILITIES

|             | B  | EGINNING | <br>ENDING     |
|-------------|----|----------|----------------|
| DUE TO EMAC | \$ | 201,644. | \$<br>786,235. |
| TOTAL       | \$ | 201,644. | \$<br>786,235. |

| 4.4                            | ີ.<br>ດຄ          | ₹                               | 1                             |                         | 115 (               | Corporati                                 | on Incon                                | n Tav             | Poturn                                  |               |           | OMB No. 1545-0123                 |
|--------------------------------|-------------------|---------------------------------|-------------------------------|-------------------------|---------------------|---|---|-------------------|---|---------------|-----------|-----------------------------------|
| Form 11                        |                   |                                 | For cale                      | ndar year 2             |                     | ear beginning                             |   |                   | 4.                                      |               |           |                                   |
| Department of<br>Internal Reve | of the<br>enue S  | Treasury<br>Service             |                               | ▶ Instru                | ctions are s        | eparate. See                              |   |                   | Reduction Act                           | Notice.       |           | 2003                              |
| A Check if<br>1 Consolida      |                   | tum (T                          | Use<br>(RS                    | Name                    |                     |   | r suite no. City                        | or town, sta      | ite, and ZIP code                       |               |           | er identification number          |
| (attach Fo                     | omn 85            | 51) { }                         | label.                        | EMC                     | CAPITA              | L CORP                                    |   |                   |   |               |           | 383350                            |
| 2 Personal<br>(attach So       | ch. Ph            | la com                          | Other-<br>wise,               | 100                     | 73.0m F             | - Cm++ Cm                                 | 2222                                    |                   |   | C             |           | orporated                         |
| (as define                     | ed in F<br>1-3(c) | e corp.<br>Regulations<br>- see | print or                      |                         |                     | 6TH ST                                    |   |                   |   | <del> </del>  |           | 10/98                             |
| instruction                    | ns)               |                                 | type.                         | NEM                     | YORK                | nel (2)                                   |   | 10022             | <del></del>                             | -             | Fotal ass | sets (see page 8 of instructions) |
| E Check ap                     | <del>`</del>      |                                 |                               | nitial return           |                     | nal return (3)                            |   | ange (4)          | Address chan                            | <del></del> - | 7         | 75,072                            |
|                                | 1 .               | Gross rcpt./                    |                               | Pohodulo A              |                     | <b>b</b> Less returns                     | _                                       |                   |   | Bal ▶         | 1c        |                                   |
|                                | 3                 | Cross or go                     | ious solu (S                  | tino 2 for              | line o <sub>l</sub> |   | • |                   |   |               | 3         |                                   |
|                                | 4                 | Dividende                       | iii. Subuaci<br>(Schadula     | C line 10)              | i iiie ic           |   |   | • • • • • • • • • |   |               | 4         | 12,044                            |
|                                | 5                 | Interest                        |                               |                         |                     |   |   |                   |   |               |           | 7,243                             |
| ncome                          | 6                 |                                 |                               |                         |                     |   |   |                   |   |               | <u> </u>  | ,,===                             |
|                                | 7                 | Gross roya                      |                               |                         |                     |   |   |                   |   |               | <u> </u>  |                                   |
|                                | В                 |                                 |                               | ne (attach \$           | Sch. D (Form        | n 1120))                                  |   |                   |   |               | 8         | 2,016,705                         |
|                                | 9                 | Net gain o                      | r (loss) fron                 | n Form 479              | 7, Part II, lin     | e 18 (attach F                            | om 4797)                                |                   |   |               | 9         |                                   |
|                                | 10                | Other inco                      | me (see pa                    | ige 9 of inst           | tructions-atta      | ach schedule)                             |   | S                 | ee stmt                                 | 1,2           | 10        | -23,131                           |
|                                | 11                | Total inco                      | me. Add lin                   | nes 3 throug            | gh 10               | <del></del>                               | <u> </u>                                |                   |   | <u> </u>      | 11        | 2,012,861                         |
|                                | 12                | Compensa                        | ation of offic                | cers (Sched             | lule E, line 4      | <b>)</b>                                  |   |                   |   |               | 12        |                                   |
|                                | 13                | Salaries a                      | nd wages (I                   | less employ             | ment credit         | s)  |   |                   |   |               | 13        |                                   |
|                                | 14                |                                 |                               |                         |                     |   |   |                   |   |               | 14        |                                   |
|                                | 15                | Bad debts                       |                               |                         |                     | •   |   |                   |   |               | 15        |                                   |
|                                | 16                |                                 |                               |                         |                     |   |   |                   |   |               | 16        |                                   |
| Deductions                     | •                 |                                 | licenses                      |                         |                     | •   |   |                   |   | • • • • • •   | 17        | 636                               |
| 0                              | 18                | Interest                        |                               |                         |                     |   |   |                   |   |               | 18        | 030                               |
| See                            | 19                |                                 | on (attach F                  |                         |                     |   |   |                   | • | · · · · · ·   | 19        |                                   |
| nstructions<br>or              | 21                |                                 | •                             |                         | hedule A an         | d elsewhere o                             | n return                                | 212               | · · · · · · · · · · · · · · · · · · ·   |               | 21b       |                                   |
| or<br>Imitations               | 22                | Depletion                       |                               |                         |                     |   |   |                   | • • • • • • • • • • • • • • • • •       | <del></del>   | 22        |                                   |
| on                             | 23                | Advertising                     |                               |                         |                     |   |   |                   | · · · · · · · · · · · · · · · · · · ·   |               | 23        |                                   |
| ieductions.)                   |                   | •                               |                               |                         |                     |   |   |                   |   |               | 24        |                                   |
|                                | 25                | Employee                        | benefit pro                   | grams                   |                     |   |   |                   | .,                                      |               | 25        |                                   |
|                                | 26                | Other ded                       | uctions (atta                 | ach schedu              | le)                 |   | * | S                 | EE STMT                                 | 3,4           | 26        | 3,070                             |
|                                | 27                | Total ded                       | uctions. Ad                   | ld lines 12 t           | hrough 26           |   |   |                   |   | •             | 27        | 3,706                             |
|                                | 28                | Taxable in                      | come befor                    | e net opera             | ating loss de       | duction and sp                            | ecial deductio                          | ns. Subtra        | ict line 27 from li                     | ine 11        | 28        | 2,009,155                         |
|                                | 29                | Less: a                         | Net operatir                  | ng loss (NC             | L) deduction        | n (see page 13                            | of instructions                         | 29a               |   |               |           |                                   |
|                                | <del>  </del>     | b ·                             | Special ded                   | luctions (So            | chedule C, lin      | ne 20)                                    |   | 29b               | 12                                      | ,044          | 29c       | 12,044                            |
|                                | 30                |                                 |                               |                         | 9c from line        | 28  | · · · · · · · · · · · · · · · · · · ·   | <b></b> .         |   |               | 30        | 1,997,111                         |
|                                | 31                |                                 | (Schedule J                   | l, line 11)<br>emayment |                     | •   |   | <i></i>           | • |               | 31        | 667,268                           |
|                                | 32                | Payments:                       |                               | erpayment<br>1 to 2003  | 32a                 |   |   |                   |   |               |           |                                   |
|                                | b                 | 2003 estin<br>Less 2003 n       | nated tax pa<br>efund applied | ayments<br>I for        | 32b                 | ······                                    |   | Jearl             |   |               |           |                                   |
|                                |                   | on Form 440                     | 66                            |                         | 32c (               |   | jd Ball                                 |                   |   |               | 1 1       |                                   |
| Tax and                        | e                 | •                               | sited with Fo                 | • • •                   |                     | ins (attach For                           | m 2430)                                 | 32e<br>32f        |   |               | 1 1       |                                   |
| 'ayments                       | [                 |                                 | •                             |                         |                     | ins (allacii roi<br>136). See inst        |   | 32g               | <del></del>                             |               | 32h       |                                   |
|                                | 33                |                                 |                               | •                       |                     | ctions). Check                            |   |                   | · · · · · · · · · · · · · · · · · · ·   | ► IT          | 33        |                                   |
|                                | 34                |                                 | -                             |                         |                     | of lines 31 and                           |   |                   |   | ٠.            | 34        | 667,268                           |
|                                | 35                |                                 |                               |                         |                     | otal of lines 31                          |   |                   | /emaid                                  |               | 35        | 33,7233                           |
|                                | 36                |                                 |                               | -                       |                     | 004 estimated                             |   |                   | Refun                                   | ded▶          | 36        | <del></del>                       |
|                                |                   | Under pena                      | Ities of perjun               | y, I declare th         | at I have exan      | nined this return,                        | including accom                         |                   | nedules Ma                              |               |           | s this return with the preparer   |
| ign                            | - 1               |                                 |                               |                         |                     | id belief, it is true<br>rmation of which |   |                   |   | own belo      | w (see i  | nstr.)? X Yes No                  |
| lere                           | - 1               | <b>\</b>                        |                               | للمس                    | LITIA               | 0001                                      |   |                   |   |               |           |                                   |
|                                |                   | Signatu                         | ure of officer                |                         | -NIS                | CUPY                                      | Dat                                     | е                 | Tit                                     | le            |           |                                   |
|                                |                   | Preparer's                      |                               | <b>V</b> ₩Π             | - I ( I 'V'         | ~ ~ · · · · · ·                           | Dat                                     |                   | Check if                                |               | 1 .       | arer's SSN or PTIN                |
| bit                            |                   | signature                       | <b>/</b>                      |                         |                     | <del> </del>                              |   |                   | 06 self-employe                         | :d ]          |           | 0319104                           |
| eparer                         | 's                | Firm's name                     | e (or yours                   |                         | ERSON,              | URIAN,                                    | DOANE                                   | & STI             | ERNER, P                                | .A.           | EIN !     | 51-0212284                        |
| se Only                        | <b>y</b>          | if self-emplo                   | oyed),                        | ,                       | OX 477              |   |   |                   |   | }             | Phone r   |                                   |
|                                | - 1               | addmen as                       | d ZID sade                    | ርር ፑር አ                 | N VIEW              | . मत                                      |   | 7997              | 0-0477                                  | į             | 302.      | -539-5543                         |

| Form       | n 1120 (2003) EMC CAPITAL CORP   |                                       | 51                          | -0383350         |                   |               |   | Page 2       |
|------------|--|---------------------------------------|-----------------------------|------------------|-------------------|---------------|---|--------------|
| S          | chedule A Cost of Goods Sold (s  | ee page 14 of instru                  | uctions)                    |                  |                   |               |   |              |
| 1          | Inventory at beginning of year   |                                       |                             |                  | ·····             | 1             |   |              |
| 2          | Purchases  |                                       |                             |                  |                   | 2             |   |              |
| 3          |  |                                       |                             |                  |                   | 3             | <del></del>                             |              |
| 4          | Additional section 263A costs (attach schedule)  |                                       |                             |                  |                   | 4             | <del></del>                             |              |
| 5          | Other costs (attach schedule)  |                                       |                             |                  |                   | 5             |   |              |
| 6          | Total. Add lines 1 through 5   |                                       | **************              |                  |                   | 6             |   |              |
| 7          |  |                                       |                             |                  |                   | 7             |   |              |
| 8          | Cost of goods sold. Subtract line 7 from line 6.   | Enter here and on line 2              | 2222 1                      |                  |                   | В             |   |              |
| 9a         | Check all methods used for valuing closing invel   |                                       | , pugo 1                    | *                |                   | لمحمل         |   |              |
| -          | (i) Cost as described in Regulations sect  |                                       |                             |                  |                   |               |   |              |
|            | (ii) Lower of cost or market as described  |                                       | 471-4                       |                  |                   |               |   |              |
|            | (iii) Other (Specify method used and attac   |                                       |                             |                  |                   |               |   |              |
| ь          | Check if there was a writedown of subnormal go   |                                       | ilations section 1          |                  |                   | · · · · · · · | • · · · · · · · · · · · · · · · · · · · | <b>\</b>     |
| c          | Check if the LIFO inventory method was adopted   | this tax year for any god             | ods (if checked at          | tach Form 970)   |                   | · · · · · · · | •••••                                   | H            |
| ď          | If the LIFO inventory method was used for this ta  |                                       |                             |                  |                   |               |   | - []         |
| •          |  | , ,                                   | •                           | -                |                   | 94            | •                                       |              |
| e          | If property is produced or acquired for resale, do                                       | the rules of section 263A             | apply to the com            | ocation?         | • • • • • • •     | 7~1           | Yes                                     | No           |
| f          | Was there any change in determining quantities,  |                                       |                             |                  | If "Yes "         |               | 🗀 👓                                     | U            |
| •          | attach explanation   |                                       |                             |                  |                   |               | Yes                                     | □ No         |
| Sc         | chedule C Dividends and Special  | Deductions (see in                    | structions                  | (a) Dividend     | <u> </u>          |               | (c) Special d                           |              |
| _          | beginning on page 15)  | `                                     |                             | received         | 10                | b) %          | (a) X                                   |              |
| 1          | Dividends from less-than-20%-owned domestic  | corporations that are subj            | ject to the                 |                  |                   |               |   |              |
|            | 70% deduction (other than debt-financed stock)   | *                                     | ******                      |                  |                   | 70            |   |              |
| 2          | Dividends from 20%-or-more-owned domestic co   | orporations that are subje            | ct to the                   |                  | 1                 | į             |   |              |
|            | 80% deduction (other than debt-financed stock)   | · · · · · · · · · · · · · · · · · · · |                             |                  |                   | 80            |   |              |
| 3          | Dividends on debt-financed stock of domestic and foreig                                  | n corporations (section 246A          | )                           |                  |                   | see<br>instr  |   |              |
| 4 .        | Dividends on certain preferred stock of less-than  |                                       |                             |                  |                   | 42            | <del></del>                             |              |
| 5          | Dividends on certain preferred stock of 20%-or-n   |                                       |                             |                  |                   | 48            |   |              |
| 6          | Dividends from less-than-20%-owned foreign con   | porations and certain FS              | Cs that are                 |                  | 1                 | -             |   |              |
|            |  |                                       |                             |                  |                   | 70            |   | <del></del>  |
| 7          | Dividends from 20%-or-more-owned foreign corp  | orations and certain FSC              | s that are                  |                  |                   | 1             |   |              |
|            |  |                                       |                             |                  |                   | 80            |   |              |
| 8          | Dividends from wholly owned foreign subsidiaries subject                                 |                                       | tion 245(b))                |                  |                   | 100           |   |              |
| 9          | Total. Add lines 1 through 8. See page 16 of inst  | • • •                                 |                             |                  | 1                 | ŀ             |   |              |
| 10         | Dividends from domestic corporations received by   |                                       | unent                       |                  | }                 | 400           |   |              |
|            | company operating under the Small Business Im  |                                       |                             |                  |                   | 100           |   |              |
| 11         | Dividends from certain FSCs that are subject to  | •                                     |                             | 12               |                   | 100           |   | L2,044       |
| 12         | Dividends from affiliated group members subject to the 1                                 |                                       | 4.4                         | 14               | ,044              | 100           |   | 12,044       |
| 13         | Other dividends from foreign corporations not inc  |                                       |                             |                  |                   | }             |   |              |
| 14         | Income from controlled foreign corporations under Foreign dividend gross-up (section 78) |                                       |                             | <u></u>          |                   |               |   |              |
| 15         | IC-DISC and former DISC dividends not included   | on lines 1.2 or 3 (section            |                             |                  |                   | }             |   |              |
| 16         | Other dividends  | 1 Of filles 1, 2, of 3 (Section       | on 240(u)) ,                |                  |                   | 1             |   |              |
| 17         | Deduction for dividends paid on certain preferred  | Letock of public utilities            |                             | <del></del>      |                   | I             |   |              |
| \8<br>9    | Total dividends. Add lines 1 through 17. Enter h   | · · · · · · · · · · · · · · · · · · · | •••••                       | 12               | ,044              | <b>-</b>      | <del></del>                             | <del></del>  |
| <u>:</u> 0 | Total special deductions. Add lines 9, 10, 11, 1   |                                       |                             |                  | <del>/ \ )</del>  |               | -                                       | L2,044       |
|            | chedule E Compensation of Office   |                                       |                             |                  | e 10 of           | instru        |   | ,            |
|            | Note: Complete Schedule E o  | •                                     | •                           |                  |                   |               | ,                                       |              |
|            |  | (b) Social security number            | (c) Percent of              | Percent of stock | corporation owned | <del></del>   |   |              |
|            | (a) Name of officer  | (b) Social security number            | time devoted to<br>business | (d) Common       | (e) Pre           |               | (f) Amount of                           | compensation |
| 1          |  |                                       | %                           |                  |                   | 9             | 4                                       |              |
|            |  |                                       | %                           |                  |                   | 9             | 6                                       |              |
|            |  |                                       | %                           |                  |                   | 9             | 4                                       |              |
|            |  |                                       | %                           | <del></del>      |                   | 9             | 4                                       |              |
|            |  |                                       | %                           |                  |                   | 9             | /d                                      |              |
| _          | Total compensation of officers   |                                       |                             |                  |                   |               |   |              |
|            | Compensation of officers claimed on Schedule A   |                                       | _                           |                  |                   |               |   |              |
|            | Subtract line 3 from line 2. Enter the result here                                       |                                       |                             |                  |                   |               |   |              |

|        | 1120 (2003) EMC CAPITAL CORP   |              |       |                   | 51-0383350   |                               |                     |  | Page | 3   |
|--------|--|--------------|-------|-------------------|--|-------------------------------|---------------------|--|------|-----|
| S      | chedule J Tax Computation (see page 17 of ins  | stru         | ictio | ons)              | ·  |                               | ····                |  |      |     |
| 1      | Check if the corporation is a member of a controlled group (see se                                   | ctio         | ns 1  | 561 and           | d 1563)  | $\triangleright$ X            |                     |  |      |     |
|        | Important: Members of a controlled group, see instructions on page                                   | ge 1         | 7.    |                   |  |                               |                     |  |      |     |
| 2a     | If the box on line 1 is checked, enter the corporation's share of the                                | <b>\$</b> 50 | 000,  | 0, <b>\$</b> 25,0 | 00, and \$9,925,000 taxable  |                               |                     |  |      |     |
|        | income brackets (in that order):   |              | . 1   |                   |  |                               |                     |  |      |     |
|        | (1) \$ 50,000 (2) \$ 25,0  | 000          | )]    |                   | (3) \$ 9,925,  | 000                           |                     |  |      |     |
| b      | Enter the corporation's share of: (1) Additional 5% tax (not   | t ma         | re ti | han \$11          | ,750) <b>(\$</b>   |                               |                     |  |      |     |
|        | (2) Additional 3% tax (not   | t mo         | re ti | han <b>\$1</b> 0  | 0,000) \$  |                               | }                   |  |      |     |
| 3      | Income tax. Check if a qualified personal service corp. under section 448(d)(2                       | ?)(se        | e pa  | ge 17)            |  |                               | 3                   | 667  | ,26  | 8   |
| 4      | Alternative minimum tax (attach Form 4626)   |              |       |                   |  |                               | 4                   |  |      | _   |
| 5      | Add lines 3 and 4  |              |       |                   |  | ,                             | 5                   | 667  | ,26  | 8   |
| 6a     | Foreign tax credit (attach Form 1118)  |              |       |                   | 6a   |                               |                     |  |      | _   |
| b      | Possessions tax credit (attach Form 5735)  |              |       |                   | 1 04 1   |                               |                     |  |      |     |
| С      | Check: Nonconventional Source fuel credit QEV credit (att. Form 8834)                                |              |       |                   | 6c   |                               |                     |  |      |     |
| d      | General business credit. Check box(es) and indicate which forms a                                    |              |       |                   |  |                               |                     |  | •    |     |
|        | Form 3800 Form(s) (specify) ▶  |              |       |                   | 6d   | 1                             |                     |  |      |     |
| e      | Credit for prior year minimum tax (attach Form 8827)   |              |       |                   |  |                               | - 1                 |  |      |     |
| f      | Qualified zone academy bond credit (attach Form 8860)  |              |       |                   |  |                               | ١.                  |  |      |     |
| 7      | Total credits. Add lines 6a through 6f   |              |       |                   |  |                               | 7                   |  |      | 0   |
| В      | Outstand Park 7 Aven Ban 6   |              |       |                   |  |                               | 8                   | 667  | , 26 | 8   |
| 9      | Personal holding company tax (attach Schedule PH (Form 1120))  |              |       | • • • • • • • •   |  |                               | 9                   | <del>*************************************</del> |      |     |
| 0      | Other taxes, Check if from: Form 4255 Form 861   |              |       | Form              | 8697   |                               |                     | · · · · · · · · · · · · · · · · · · ·            |      | _   |
| _      | Form 8866 Other (att   | ach          | sch   | -                 |  | ł                             | 10                  |  |      |     |
| 1      | Total tax. Add lines 8 through 10. Enter here and on line 31, page                                   |              |       |                   |  |                               | 11                  | 667  | .26  | 8   |
| Sc     | hedule K Other Information (see page 19 of ins   |              | ıcti  | ons)              | <del> </del>   | <del></del>                   |                     |  |      |     |
| 1      |  |              | No    | T                 | At any time during the tax year,   | did one for                   | eian per            | son own, directly                                | YesN | lo. |
|        | b X Accrual c Other  |              |       | 1                 | or indirectly, at least 25% of (a)   |                               |                     |  |      | _   |
|        | (amonifu)  | Ì            | 1     | ļ                 | classes of stock of the corporati  |                               |                     | 1  |      |     |
| 2      | See page 21 of the instructions and enter the:   | l            | 1     | j                 | value of all classes of stock of the   |                               |                     | ` '  |      | X   |
| -<br>а | Business activity code no. ► 523130  |              | }     | }                 | If "Yes," enter. (a) Percentage of   |                               |                     |  |      | ==  |
| b      | Business activity   SECURITY TRADER  |              | Ì     |                   | and (b) Owner's country  | ,                             | · · · · · ·         |  |      |     |
| c      | Product or service ► HEDGE FUND  |              | 1     |                   | The corporation may have to file   | Form 547                      |                     | mation   |      |     |
| à      | At the end of the tax year, did the corporation own, directly or indirectly,                         |              |       |                   | Return of a 25% Foreign-Owner  |                               | · .                 |  |      |     |
| •      | 50% or more of the voting stock of a domestic corporation? (For rules of                             | ļ            | 1     |                   | Foreign Corporation Engaged in   | -                             |                     | i  |      |     |
|        | attribution, and continu 267(a) )  | x            |       | İ                 | Enter number of Forms 5472 at  |                               | ue or bu            | isiless.   |      |     |
|        | ***************************************  | =            | 1     | 8                 | Check this box if the corporation  |                               |                     |  |      |     |
|        | If "Yes," attach a schedule showing: (a) name and employer identification                            |              |       | "                 | debt instruments with original is  |                               | -                   | ereo   | - 1  |     |
|        | number (EIN), (b) percentage owned, and (c) taxable income or (loss) before                          | •            | }     |                   |  |                               |                     | 204 1-4  | 1    |     |
|        | NOL and special deductions of such corporation for the tax year ending with or within your tax year. | 1            |       | ŀ                 | If checked, the corporation may  |                               |                     |  |      |     |
|        | that of tham you are you.  |              |       | _                 | Return for Publicity Offered Origin  |                               |                     |  |      |     |
| •      | Is the corporation a subsidiary in an affiliated group or a  | x            | 1     | 9                 | Enter the amount of tax-exempt   |                               |                     |  | 1    |     |
|        | parent-subsidiary controlled group?  |              | }     | 1.0               | accrued during the tax year  |                               |                     |  | 1    |     |
| 1237   | If "Yes," enter name and EIN of the parent corp. ► 13-4104912  |              | 1     | 10                | Enter the number of shareholde   |                               |                     |  | }    |     |
| - 121  | NERGY MERCHANT HOLDING, INC  | 1            |       | 1                 |  |                               |                     |  | 1    |     |
| 5      | At the end of the tax year, did any individual, partnership,   | l            |       | 11                | If the corporation has an NOL for  |                               |                     | I  |      | •   |
|        | corporation, estate, or trust own, directly or indirectly,   |              | ĺ     | 1                 | electing to forego the carryback   |                               |                     |  |      |     |
|        | 50% or more of the corporation's voting stock? (For rules  | 7.7          |       | 1                 | If the corporation is filing a cons  |                               | -                   | 1  | - [  |     |
|        | of attribution, see section 267(c).) STMT 6  | X            | -     | 1                 | statement required by Temporal   | , .                           |                     |  | - }  |     |
|        | tf "Yes," attach a schedule showing name and identifying   |              | 1     | 12                | (b)(3)(i) or (ii) must be attached   |                               |                     | 1  |      |     |
|        | number. (Do not include any information already entered  |              | 1     | 1 12              | Enter the available NOL carryov  | -                             | r tax ye            | ars  | l    |     |
|        | in 4 above.) Enter percentage owned ▶ 100.000  |              |       | 1                 | (Do not reduce it by any deducti   |                               |                     | -  |      |     |
| 6      | During this tax year, did the corp. pay dividends (other than stock dividends                        |              | }     | 40                |  |                               |                     |  |      |     |
|        | and distributions in exchange for stock) in excess of the corporation's                              | į i          | l     | 13                | Are the corporation's total receip   | •                             |                     |  | 1    |     |
|        | current and accumulated earnings and profits? (See sections 301 and 316.)                            | L_           | X     | 1                 | through 10 on page 1) for the ta   | -                             |                     | 1  |      |     |
|        | If "Yes," file Form 5452, Corporate Report of  | }            |       |                   | at the end of the tax year less th   | an \$250,00                   | 07                  |  |      | X   |
|        | Nondividend Distributions.   | ŀ            | 1     |                   | If my c . M ii   |                               |                     | ĺ  |      |     |
|        | If this is a consolidated return, answer here for the parent   |              | 1     |                   | If "Yes," the corporation is not re<br>Schedules L, M-1, and M-2 on p<br>total amount of cash distribution | equired to co<br>age 4. Inste | omplete<br>ad. ente | er the   |      |     |
|        | corporation and on Form 851, Affiliations Schedule, for  |              |       | }                 | total amount of cash distribution property distributions (other than                                       | s and the b                   | ook valu            | e of the tax                                     | - 1  |     |
|        | each subsidiary  |              |       |                   | vear >\$   |                               | werning             | 5 ways   | - 1  |     |

lote: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be equired to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details

| b Common stock   |        | Note: The corporation is not required to complete Schedules L, M-1, and M-2 if Question 13 on Schedule K is answered "Yes." |            |                         |                                       |                    |  |  |  |  |  |
|--|--------|---|------------|-------------------------|---------------------------------------|--------------------|--|--|--|--|--|
| 1. Cash 2. Trade notes and accounts receivable b. Less allowence for bad debis inventorias 1. J. 385 4. U.S. government obligations 5. Tax-exempt securities (see instructions) 7. Loose to strateholders 6. Other current assets 7.TNT 7 7. Loose to strateholders 8. Mortgage and real estate konns 8. Mortgage and real estate konns 9. Other investments 9. STMT 8 9. State and stateholders 1. J. 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,  | _S     | chedule L Balance Sheets per Books  | Beginning  | of tax year             | End of                                | tax year           |  |  |  |  |  |
| 2a Trade notes and accounts receivable but assets but assets but assets and successors for but debts a but asset allowance for but debts but assets but assets and accounts receivable but assets and accounts specially assets and accounts assets and account assets and account assets and account assets and account assets and account assets and account assets and account assets but assets but assets accountable depreciation assets but assets account and account assets but assets accountable depreciation assets but assets accountable depreciation assets but assets accountable depreciation assets but assets accountable depreciation assets but assets accountable depreciation assets but assets accountable depreciation assets but assets accountable depreciation assets but assets accountable depreciation assets but assets accountable depreciation assets but assets accountable depreciation assets (accountable depreciation assets but assets accountable depreciation assets but assets accountable depreciation assets   |        | Assets  | (a)        | (b)                     | (c)                                   |                    |  |  |  |  |  |
| 2a Trade notes and accounts receivable beas allowance for bad debts beas allowance for bad debts should be less allowance for bad debts should be less allowance for bad debts should be less allowance for bad debts should be less allowance for bad debts should be less allowance for bad debts should be less allowance as a should be less and a state loans should be less and other corperciable assets be less accommanded depreciation should be less and other corperciable assets be less accommanded depreciation should be less accommanded as should be less accommanded as should be less accommanded as should be less accommanded as should be less accommanded as should be less as a shoul   | 1      | Cash  |            |                         |                                       | 1,385              |  |  |  |  |  |
| 3 Inventoriose  1 U.S. government obligations  5 Tax-exempt securities (see instructions)  6 Other current assets  5 TMT 7  1 Cuans to shareholders  9 Other presidents  5 STMT 8  807,787  73,687  807,787  73,687  807,787  73,687  807,787  73,687  807,787  73,687  807,787  73,687  807,787  73,687  807,787  73,687  807,787  73,687  807,787  73,687  807,787  73,687  807,787  73,687  807,787  73,687  807,787  73,687  807,787  73,687  807,787  73,687  807,787  73,687  807,787  73,687  807,787  73,687  807,7   | 2a     |   |            |                         | <br>                                  |                    |  |  |  |  |  |
| 4 U.S. government obligations 5 Tax-exempts securities (see instructions) 6 Other current assets 8 Mortgage and real estate loans 9 Other investments 9 STMT 8 8 Mortgage and real estate loans 9 Other investments 10 Depletable assets 10 Leas accumulated depreciation 11 Depletable assets 10 Leas accumulated depletion 12 Land (not of any amortization) 13 Interplete assets (patch sch.) 13 Interplete assets (patch sch.) 14 Other assets (attach sch.) 15 Total assets 1 Labitities and Shareholders Equity 16 Accounts payable in less than typer 17 Mortgages, notes, bonds payable in less than typer 18 Lands from shareholders 18 Mortgages, notes, bonds payable in less than typer 19 Lands from shareholders 19 Other current fabilities STMT 9 10 Lands from shareholders 10 Other current fabilities STMT 9 10 Lands from shareholders 10 Mortgages, notes, bonds payable in typer or more 10 Other current fabilities 10 Lands from shareholders 11 Mortgages, notes, bonds payable in typer or more 12 Other current fabilities 12 Capital stock a Preferred stock 12 Capital stock a Preferred stock 13 Additional pack-in capital 14 Realande earnings-Unappropriated 15 Adjustments SH equity 17 Mortgages, notes, bonds payable in typer or more 18 Mortgages, notes, bonds payable in typer or more 19 Other current fabilities 10 Lands from shareholders 10 Mortgages, notes, bonds payable in typer or more 10 Other current fabilities 10 Lands from shareholders 11 Ly64, 421 Typer (payable) 12 Capital stock a Preferred stock 12 Capital stock a Preferred stock 13 Additional pack-in capital 14 Realande earnings-Unappropriated 15 Adjustments SH equity 17 Mortgages, notes, bonds payable in typer or more 19 Adjustments to SH equity 19 Capital stock and typer typer typer 20 Capital stock or typer typer 21 Less cost of treasury stock 22 Capital stock income into typer (leminal) 22 Capital stock income into typer (leminal) 23 Payable and shareholders equity 24 Less cost of treasury stock 25 Capital stock or the return (leminal) 26 Deposition Shareholders 27 Capita   | b      |   |            |                         |                                       | <u> </u>           |  |  |  |  |  |
| 5 Tax-exempt securities (see instructions) 6 Other current assets 7 Other current assets 8 Mortgage and real estate loane 9 Other investments 8 STMT 8 8 807,787 7 Loans to shareholders 9 Other investments 8 STMT 8 8 807,787 7 3,687 9 Unitings and other depreciable assets 10 Less accommisted depreciation 10 Pelefable assets 11 Less accommisted depreciation 10 Pelefable assets 11 Less accommisted depreciation 11 Depletable assets 12 Land (rest of any amortization) 13 Less accommisted depreciation 14 Corner assets (farch sch.) 15 Total assets 16 Corner assets (farch sch.) 16 Accounts payable 17 Mortgage, note, bonds payable in test than 1 year 18 Other current flabilities STMT 9 19 Loans from shareholders 18 Mortgage, note, bonds payable in 1 year or more 20 Other liabilities (st. sch.) 21 Capital stock: 22 Capital stock: a Preferred stock 23 Additional paich in capital 24 Retained earnings-Unappropriated 25 Additional paich in capital 26 Retained earnings-Unappropriated 27 Corner assets (steep stock) 28 Retained earnings-Unappropriated 28 Retained earnings-Unappropriated 29 Less cost of tressury stock 20 Total liabilities and shareholders equity 30 Less of the saury stock 31 Net income (tess) per books 41 Net income (tess) per books 42 Excess of capital stock or capital gains 43 Income subject to tax not recorded on books this year not deduced on this return (temizo): 44 Retained earnings-Unappropriated 45 Expenses recorded on books this year not deduced on this return (temizo): 55 Expenses recorded on books this year not deduced on this return (temizo): 56 Expenses recorded on books this year not deduced on this return (temizo): 57 Add lines 7 and 8 58 Deductions on this return (temizo): 58 Deductions on this return (temizo): 59 Add lines 7 and 8 50 Described in the community of the community of the community of the community of the community of the community of the community of the community of the community of the community of the community of the community of the community of the community of the community of   | 3      | Inventories   |            |                         |                                       |                    |  |  |  |  |  |
| 5 Other current assets STMT 7   1 Loans to characholders   8 Mortgage and real estate loans   9 Other investments STMT 8   9 Buildings and other depreciable assets   10 bes accumulated depreciation   10 between the season and the set of any amortization   10 between the set of any amortization   10 between the set of any amortization   10 between the set of any amortization   11 Land (not of any amortization   10 between the set of any amortization   11 Land (not of any amortization   11 Land (not of any amortization   12 Land (not of any amortization   13 Interpolite assets (attack sch.)   15 Total assets (attack sch.)   16 Total assets (attack sch.)   17 Mortgages, notes, bonds payable in less than 1 year   18 Accounts payable   19 Accounts payable   19 Accounts payable   10 Other current fabilities   10 STMT 9   10 Collect current fabilities   10 STMT 9   10 Loans from stareholders   10 Mortgages, notes, bonds payable in type or more   10 Other Interpolities (st. sch.)   11 Ly64 Ly421   175,072   18 Loans from stareholders   19 Mortgages, notes, bonds payable in type or more   10 Other Interpolities (st. sch.)   10 Loans from stareholders   11 Ly64 Ly21   10 Loans from stareholders   | 4      |   |            |                         |                                       |                    |  |  |  |  |  |
| 7 Loans to shareholders   Mortgage and real estate bane   9 Other investments   9 STMT 8   9 Other investments   9 STMT 8   9 Other investments   110 Depletable assets   110 Depletable assets   111 Depletable assets   112 Land (net of any amortzation   113 Labitities and shareholders   114 Comercia assets (amortzation   115 Total assets   115 Total assets   111,964,421   75,072   114,964,421   75,072   115 Total assets   116 Other carent fabilities   117 Mortgages, noise, bonds payable in tyear or more   118 Depletable asset amortzation   119 Depletable asset samortzation   110 Other assets (attach sch.)   110 Comercia assets (attach sch.)   110 Comercia assets (attach sch.)   110 Comercia assets (attach sch.)   111,964,421   75,072   111,964,421   75,072   111,964,421   75,072   111,964,421   75,072   111,964,421   75,072   111,964,421    111,964,421    111,964,421    111,964,421    111,964,421    111,964,421    111,964,421    111,964,421    111,964,421    111,964,421     111,964,421     111,964,421     111,964,421     111,964,421  | 5      |   |            | 33 456 604              |                                       |                    |  |  |  |  |  |
| 8 Mortgage and real estate losons 9 Other investments STMT 8 10a Bulkings and other depreciable assets 1 Less accumulated depreciation 11b Depletable assets 1 Land (rise of any amortization) 11c Interplate accesses (interplate only) 11s Interplate accesses (interplate only) 11s Interplate accesses (interplate only) 11s Interplate accesses (interplate only) 11s Interplate accesses (interplate only) 12s Interplate accesses (interplate only) 13s Interplate accesses (interplate only) 14s Other accesses (interplate only) 15 Total assets 11,964,421 75,072 15 Labilities and Shareholders' Equify 16 Accounts payable in test than 1 year 17 Kortgages, notes, bonds payable in test than 1 year 18 Other current fabrillities STMT 9 19 Coars from shareholders 20 Mortgages, notes, bonds payable in 1 year or more 21 Mortgages, notes, bonds payable in 1 year or more 22 Other fabrillities (art sch.) 23 Additional paid-in capital 24 Relatined earnings-Mappropriated 25 Adjustments to SH equify 26 Acquisments to SH equify 27 Less cost of treasury stock 28 Total labilities and shareholders' equify 3 Excess of capital losses over cantrol gains 4 Income (loss) per books 3 Excess of capital losses over cantrol gains 4 Income subject to lax not recorded on books this year not deducted on this return (temize): 4 Pederal income (loss) per books 5 Expenses recorded on books this year not deducted on this return (temize): 5 Expenses recorded on books this year not deducted on this return (temize): 6 Add lines 1 through 5 7 Add lines 7 and 8 8 Deductions on this return not charged against book income this year (temize): 8 Deductions on this return not charged against book income this year (temize): 9 Add lines 7 and 8 9 Deductions on this return not charged against book income this year (temize): 1 Description 5 1 Net income (loss) per books 1 Description 5 1 Net income (loss) per books 2 (2,009,155) 3 Other income (loss) per books 3 Other income (loss) per books 4 Other decreases (temize): 7 Add lines 5 and 6 7 Add lines 5 and 6 7 Other decre   | 6      |   |            | 11,156,634              |                                       |                    |  |  |  |  |  |
| 9 Other Investments STMT 8   807,787   73,687   30 Buildings and other depreciable assets   113 Depletable assets   15 Less accumulated depreciation   11a Depletable assets   15 Less accumulated depreciation   11b Less accumulated depreciation   11c Less gecumulated depreciation   11d Coller assets (amortization   11d Coller assets (amortizatio   |        | Loans to shareholders   |            |                         |                                       | <u></u>            |  |  |  |  |  |
| See   Design and other depreciable assets   Design and other depreci   |        | Mortgage and real estate loans  |            | 007 707                 |                                       | 72 607             |  |  |  |  |  |
| b Less accumulated depreciation 12 Land (net of any amortization) 13 Intanglishe assets (attach sch.) 15 Total assets (attach sch.) 15 Total assets (attach sch.) 16 Accounts payable 17 Mortgages, notes, bonds payable in less than 1 year 18 Other corrent fisibilities (STMT) 9 19 Loans from shareholders (STMT) 9 19 Loans from shareholders (STMT) 9 20 Mortgages, notes, bonds payable in less than 1 year 21 Other Idabilities (st. sch.) 22 Additional paid-in-capital Related earnings-Unappropriated (STMT) 9 23 Additional paid-in-capital Related earnings-Unappropriated (STMT) 9 24 Related earnings-Unappropriated (STMT) 9 25 Related earnings-Unappropriated (STMT) 9 26 Adjustments to SH equity 27 Lass cost of treasury stock (STMT) 9 27 Lass cost of treasury stock (STMT) 9 28 Total liabilities and shareholders' equity (STMT) 9 29 Less cost of treasury stock (STMT) 9 20 Less cost of treasury stock (STMT) 9 20 Less cost of treasury stock (STMT) 9 21 Less cost of treasury stock (STMT) 9 22 Less cost of treasury stock (STMT) 9 23 Less cost of treasury stock (STMT) 9 24 Less cost of treasury stock (STMT) 9 25 Less cost of treasury stock (STMT) 9 26 Less cost of treasury stock (STMT) 9 27 Less cost of treasury stock (STMT) 9 28 Lest income loss) per books (STMT) 9 29 Less cost of treasury stock (STMT) 9 20 Less cost of treasury stock (STMT) 9 20 Less cost of treasury stock (STMT) 9 21 Less cost of treasury stock (STMT) 9 21 Less cost of treasury stock (STMT) 9 21 Less cost of treasury stock (STMT) 9 21 Less cost of treasury stock (STMT) 9 21 Less cost of treasury stock (STMT) 9 22 Less cost of treasury stock (STMT) 9 23 Less cost of treasury stock (STMT) 9 24 Less cost of treasury stock (STMT) 9 25 Less cost of treasury stock (STMT) 9 26 Less cost of treasury stock (STMT) 9 27 Less cost of treasury stock (STMT) 9 28 Less cost of treasury stock (STMT) 9 29 Less cost of treasury stock (STMT) 9 20 Less cost of treasury stock (STMT) 9 21 Less cost of treasury stock (STMT) 9 21 Less cost of treasury stock (STMT) 9 21 Less cost of tr   |        | Other investments STMT 8  |            | 807,787                 |                                       | /3,68/             |  |  |  |  |  |
| 11s Depletable assets   Less accumulated depletion   Land (rief of any amortization)   12  |        |   |            |                         |                                       |                    |  |  |  |  |  |
| b Less accumulated depletion   |        |   |            |                         | <u> </u>                              |                    |  |  |  |  |  |
| 12 Land (net of any amortization) 13 Intangible assets (antach sch.) 14 Other assets (attach sch.) 15 Total assets 11,964,421 175,072 15 Labiffities and Shareholders' Equity 16 Accounts payable in less than 1 year 17 Mortgagen, notes, bonds payable in less than 1 year 18 Other current fisbilities of STMT 9 10 Loans from shareholders 10 Mortgagen, notes, bonds payable in lyear or more 10 Other fisbilities (att. sch.) 12 Capital slock: a Preferred slock 1 Compon stock 1 ,000,000 1  |        | Depletable assets   |            |                         |                                       |                    |  |  |  |  |  |
| 13a Intanglible assets (amortizable only) b Less accumulated amortization 14 Offer assets (attach sch.) 15 Total assets 11,964,421 75,072 Ltabiffittes and Shareholders' Equity 16 Accounts payable in less than 1 year 18 Offer current fielilities STMT 9 10 Loans from shareholders 10 Mortgages, notes, bonds payable in less than 1 year 18 Offer current fielilities STMT 9 19 Loans from shareholders 10 Mortgages, notes, bonds payable in 1 year or more 21 Ofter liabilities (as sch.) 22 Capital stock: a Preferred stock   |        |   |            |                         |                                       |                    |  |  |  |  |  |
| b Less accumulated amortization 14 Other assets (attach sch.) 15 Total assets 11,964,421 75,072 Liabilities and Shareholders' Equity 16 Accounts payable in less than 1 year 18 Other current fisibilities STMT 9 10 Loans from shareholders 20 Mortgages, notes, bonds payable in less than 1 year 18 Other current fisibilities (att. sch.) 21 Capital stock: a Preferred stock 22 Capital stock: a Preferred stock 23 Additional paid-in capital 24 Retained earnings-Unappropriated 25 Retained earnings-Unappropriated 26 Adjustments to SH equity 27 Less cost of treasury stock 28 Total liabilities and shareholders' equity 29 Less cost of treasury stock 29 Total liabilities and shareholders' equity 20 Less cost of treasury stock 20 Total liabilities and shareholders' equity 21 Less cost of treasury stock 21 Total liabilities and shareholders' equity 22 Less cost of reasury stock 23 Total liabilities and shareholders' equity 24 Less cost of treasury stock 25 Retained earnings-Unappropriated 26 Retained earnings-Unappropriated 27 Total liabilities and shareholders' equity 28 Less cost of treasury stock 29 Total liabilities and shareholders' equity 30 Loans from the previous stock this pear for included on this return (see page 20 of instructions) 31 Net income (loss) per books 32 Excess of capital losses over capital gains 4 Income subject to tax not recorded on books this year not included on this return (lemize): 4 Deductions on this return (temize): 5 Expenses recorded on books this year not deducted on this return (lemize): 6 Add lines 1 through 5 6 Add lines 1 through 5 7 Add lines 2 through 5 7 Add lines 2 through 6 7 Add lines 2 through 6 7 Add lines 5 and 6 7 Add lines 5 and 6 7 Add lines 5 and 6 7 Add lines 5 and 6 7 Add lines 5 and 6 7 Add lines 5 and 6 7 Add lines 5 and 6 7 Add lines 5 and 6 7 Add lines 5 and 6  |        |   |            |                         |                                       |                    |  |  |  |  |  |
| 11,964,421   75,072   11,964,421   11,964,421   11,964,421   11,964,421   11,964,421   11,964,421   11,964,421   11,964,421   11,964,421   11,964,421   11,964,421   11,964,421   11,964,421   11,964,421   11,964,421   11,964,421   11,964,421   |        |   | /          |                         |                                       |                    |  |  |  |  |  |
| 15 Total assets   11,964,421   75,072  |        |   |            |                         |                                       | <del></del>        |  |  |  |  |  |
| Labilities and Shareholders' Equity  Accounts payable in less than 1 year  Mortgapes, notes, bonds payable in less than 1 year  Other current liabilities STMT 9  Joans from shareholders  Mortgapes, notes, bonds payable in 1 year or more  Other liabilities (at. sch.)  Common stock  Additional paid-in capital  Recommon stock  Additional paid-in capital  Retained earnings-Unappropriated  Adjustments to SH equity  Teless cost of treasury stock  Total liabilities and shareholders' equity  Schedule M-1  Net income (loss) per books  Department of the corrected on books this year not deducted on this return (itemize):  Income subject to tax not recorded on books this year not deducted on this return (itemize):  Department of the corrected on the corrected on books this year not deducted on this return (itemize):  Department of the corrected on the corr   |        |   |            | 11 964 421              |                                       | 75 072             |  |  |  |  |  |
| 16 Accounts payable 17 Mortgages, notes, bonds payable in less than 1 year 18 Other current fiabilities STMT 9 19 Loans from shareholders 20 Mortgages, notes, bonds payable in 1 year or more 21 Other fiabilities (att. sch.) 22 Capital stock: a Preferred stock  | 15     |   |            | 11/701/121              | <del></del>                           | 73,072             |  |  |  |  |  |
| 17 Mortgages, notes, bonds payable in less than 1 year 18 Other current riabilities STMT 9 19 Loans from shareholders 20 Mortgages, notes, bonds payable in 1 year or more 21 Other liabilities (att. sch.) 22 Capital stock: a Preferred stock 23 Additional paid-in capital 24 Retained earnings-Apropriated 25 Retained earnings-Unappropriated 26 Adjustments to SH equity 27 Less cost of treasury stock 28 Total liabilities and shareholders' equity 27 Less cost of treasury stock 28 Total liabilities and shareholders' equity 30 Exceedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (see page 20 of instructions) 31 Net Income (loss) per books 41 Income (loss) per books 42 Excess of capital losses over capital gains 43 Income subject to tax not recorded on books this year not included on this return (Itemize): 44 Income subject to tax not recorded on books this year not deducted on this return (Itemize): 55 Expenses recorded on books this year not deducted on this return (Itemize): 6 Add lines 1 through 5 6 Add lines 1 through 5 7 Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L) 7 Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L) 7 Balance at beginning of year 10 J. 77 J. 78 J.  | 16     |   |            |                         |                                       |                    |  |  |  |  |  |
| 18 Other current liabilities STMT 9 19 Loans from shareholders 20 Motrgages, notes, bonds payable in 1 year or more 21 Other liabilities (att. sch.) 22 Capital stock: a Preferred stock   |        |   |            |                         |                                       | <del></del>        |  |  |  |  |  |
| Loans from shareholders    Montgages, notes, bonds payable in 1 year or more   |        |   |            | 786,235                 |                                       | <del></del>        |  |  |  |  |  |
| 20 Mortgages, notes, bonds payable in 1 year or more 21 Other liabilities (art. sch.) 22 Capital stock: a Preferred stock 23 Additional paid-in capital 24 Retained earnings-Appropriated 25 Retained earnings-Unappropriated 26 Adjustments to SH equity 27 Less cost of treasury stock 28 Total liabilities and shareholders' equity 30 Net Income (loss) per books 31 Net Income (loss) per books 42 Federal income tax per books 43 Excess of capital losses over capital gains 44 Income subject to tax not recorded on books this year not deducted on this return (itemize): 45 Expenses recorded on books this year not deducted on this return (itemize): 46 Add lines 1 through 5 5 Chedule M-2 Analysis of Unappropriated Retained Earnings per Books 5 Chedule M-2 Analysis of Unappropriated Retained Earnings per Books 6 Add lines 1 through 5 7 Schedule M-2 Analysis of Unappropriated Retained Earnings per Books 7 Other increases (itemize): 8 Distributions: 9 Add lines 1 through 5 8 Distributions: 10 Check Capital Ca   |        |   |            |                         |                                       |                    |  |  |  |  |  |
| Other liabilities (att. sch.)  22 Capital stock: a Preferred stock   |        |   |            | ·                       |                                       | <del></del>        |  |  |  |  |  |
| Capital stock: a Preferred stock b Common stock 1,000,000 1,000,000 1,000,000 1,000,000  |        |   |            |                         |                                       |                    |  |  |  |  |  |
| b Common stock   | 22     |   |            |                         |                                       | <del></del>        |  |  |  |  |  |
| Additional paid-in capital Retained earnings-Unappropriated Retained Earnings-Unappropriated Retain   |        |   | 1,000,000  | 1,000,000               | 1,000,000                             | 1,000,000          |  |  |  |  |  |
| Retained earnings-Appropriated Retained earnings-Unappropriated Adjustments to SH equity Less cost of treasury stock Total liabilities and shareholders' equity Total liabilities and shareholders' equity Reconciliation of Income (Loss) per Books With Income per Return (see page 20 of instructions) Reconciliation of Income (Loss) per Books With Income per Return (see page 20 of instructions) Reconciliation of Income (Loss) per Books With Income per Return (see page 20 of instructions) Reconciliation of Income (Loss) per Books With Income per Return (see page 20 of instructions) Reconciliation of Income (Loss) per Books With Income per Return (see page 20 of instructions) Reconciliation of Income (Loss) per Books With Income per Return (see page 20 of instructions) Reconciliation of Income (Loss) per Books With Income per Return (see page 20 of instructions) Reconciliation of Income (Loss) per Books With Income recorded on books this year not included on this return (itemize):  Reconciliation of Income (Income   | 23     |   |            |                         |                                       |                    |  |  |  |  |  |
| Retained earnings-Unappropriated  Adjustments to SH equity  Less cost of treasury stock  Total liabilities and shareholders' equity  Net income (loss) per books  Federal income (loss) per books  Expenses recorded on books this year not deducted on this return (itemize):  Depreciation  Depreciation  Charitable on this return (itemize):  Add lines 7 and 8  Add lines 7 and 8  Add lines 7 and 8  Add lines 7 and 8  Add lines 7 and 8  Add lines 7 and 8  Add lines 7 and 8  Add lines 7 and 8  Add lines 7 and 8  Add lines 7 and 8  Add lines 7 and 8  Add lines 7 and 8  Add lines 8 beginning of year  Depreciation 10 and 8   | 24     |   | <u>.</u>   |                         | {                                     |                    |  |  |  |  |  |
| Less cost of treasury stock  Total liabilities and shareholders' equity  Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (see page 20 of instructions)  Retincome (loss) per books  Less of capital losses over capital gains Income subject to tax not recorded on books this year not deducted on this return (itemize):  Bedeval income subject to tax not recorded on books this year not deducted on this return (itemize):  Bedeuctions on this return not charged against book income this year (itemize):  Bedeuctions on this return not charged against book income this year (itemize):  Bedeuctions on this return not charged against book income this year (itemize):  Bedeuctions on this return not charged against book income this year (itemize):  Contributions  Contributions  Add lines 1 through 5  Schedule M-2  Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)  Balance at beginning of year  Net income (loss) per books  Corpoperty  Cother decreases (itemize):  Add lines 5 and 6  Other decreases (itemize):  7  Add lines 5 and 6  Cother decreases (itemize):  7  Add lines 5 and 6  | 25     |   | ·2         | 10,178,186              |                                       | -924,928           |  |  |  |  |  |
| Total liabilities and shareholders' equity  Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (see page 20 of instructions)  Net income (loss) per books Pederal income tax per books Excess of capital losses over capital gains Income subject to tax not recorded on books this year not deducted on this return (itemize):  Sexpenses recorded on books this year not deducted on this return (itemize):  Bedictions on this return not charged against book income this year (itemize):  Bedictions on this return not charged against book income this year (itemize):  Bedictions on this return not charged against book income this year (itemize):  Bedictions on this return not charged against book income this year (itemize):  Bedictions on this return not charged against book income this year (itemize):  Bedictions on this return not charged against book income this year (itemize):  Bedictions on this return not charged against book income this year (itemize):  Bedictions on this return not charged against book income this year (itemize):  Bedictions on this return not charged against book income this year (itemize):  Bedictions on this return not charged against book income this year (itemize):  Bedictions on this return not charged against book income this year (itemize):  Bedictions on this return not charged against book income this year (itemize):  Bedictions on this return not charged against book income this year (itemize):  Bedictions on this return not charged against book income this year (itemize):  Bedictions on this return not charged against book income this year (itemize):  Bedictions on this return not charged against book income this year (itemize):  Bedictions on this return not charged against book income this year (itemize):  Bedictions on this return not charged against book income this year (itemize):  Bedictions on this return (itemize):  Bedictions on this return (itemize):  Bedictions on this return (itemize):  Bedictions on this return (itemize):  Bedictions on this return (i   | 26     | Adjustments to SH equity  |            |                         |                                       |                    |  |  |  |  |  |
| Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (see page 20 of instructions)  1 Net income (loss) per books 2,009,155 7 Income recorded on books this year not included on this return (itemize):  2 Federal income tax per books   | 27     | Less cost of treasury stock   |            |                         | ţ                                     |                    |  |  |  |  |  |
| 1 Net income (loss) per books 2 Federal income tax per books 3 Excess of capital losses over capital gains 4 Income subject to tax not recorded on books this year not included on this return (itemize):  Tax-exempt int  Beginning of year  Net income (loss) per books 2,009,155 7 Income recorded on books this year not included on this return (itemize):  Tax-exempt int  Deductions on this return not charged against book income this year (itemize):  a Depreciation \$ Charitable contributions \$ Charitable con  | 28     | Total liabilities and shareholders' equity  |            |                         |                                       | 75,072             |  |  |  |  |  |
| 2 Federal income tax per books 3 Excess of capital losses over capital gains 4 Income subject to tax not recorded on books this year (itemize):  5 Expenses recorded on books this year not deducted on this return (itemize):  a Depreciation \$ b Charitable contributions \$ c Travel and entertainment \$  6 Add lines 1 through 5  Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)  1 Balance at beginning of year  2 Net income (loss) per books 3 Other increases (itemize):  6 Other decreases (itemize):  7 Add lines 5 and 6  13 , 112 , 269   | Sc     | hedule M-1 Reconciliation of In   |            |                         |                                       | 0 of instructions) |  |  |  |  |  |
| 3 Excess of capital losses over capital gains 4 Income subject to tax not recorded on books this year (itemize):  8 Deductions on this return not charged against book income this year (itemize):  a Depreciation \$ b Charitable contributions \$ c Travel and entertainment \$ 9 Add lines 7 and 8  6 Add lines 1 through 5 2,009,155 10 Income (line 28, page 1)- line 6 less line 9 2,009,155  Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)  1 Balance at beginning of year 10,178,186 5 Distributions: a Cash 13,112,269  2 Net income (loss) per books 2,009,155  3 Other increases (itemize): 7 Add lines 5 and 6 13,112,269  | 1      | ***************************************   | 2,009,155  |                         | · i                                   |                    |  |  |  |  |  |
| Income subject to tax not recorded on books this year (itemize):  8 Deductions on this return not charged against book income this year (itemize):  a Depreciation \$ Deprec     | 2      | **********  |            |                         | · · · · · · · · · · · · · · · · · · · |                    |  |  |  |  |  |
| this year (itemize):    Sexpenses recorded on books this year not deducted on this return (itemize):   A Depreciation  | 3      |   |            | Tax-exempt int. \$      |                                       |                    |  |  |  |  |  |
| 8 Deductions on this return not charged against book income this year (itemize):  a Depreciation \$ Depreciation | 4      | · · · · · · · · · · · · · · · · · · ·   |            | *************           |                                       |                    |  |  |  |  |  |
| against book income this year (itemize):  a Depreciation \$  b Charitable contributions \$  Travel and entertainment \$  6 Add lines 1 through 5  Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)  1 Balance at beginning of year 10,178,186 2,009,155  2 Net income (loss) per books 2,009,155  6 Other increases (itemize):  1 Add lines 5 and 6  2 Other decreases (itemize):  2 Depreciation \$  2 Depreciation \$  3 Depreciation \$  4 Depreciation \$  5 Charitable contributions \$  6 Add lines 7 and 8  6 Income (line 28, page 1)- line 6 less line 9  2 2,009,155  Schedule L)  1 Balance at beginning of year 10,178,186 5 Distributions: a Cash 13,112,269  2 Net income (loss) per books 2,009,155  6 Other decreases (itemize): 7 Add lines 5 and 6 13,112,269   |        | this year (itemize):  |            |                         |                                       | <del></del>        |  |  |  |  |  |
| deducted on this return (itemize):  a Depreciation \$ b Charitable contributions \$ c Travel and entertainment \$  6 Add lines 1 through 5  Charitable contributions \$  5 Add lines 1 through 5  Charitable contributions \$  9 Add lines 7 and 8  6 Add lines 1 through 5  Charitable contributions \$  9 Add lines 7 and 8  10 Income (line 28, page 1)- line 6 less line 9  2,009,155  Chedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)  1 Balance at beginning of year  10,178,186 2 Net income (loss) per books 2 (109,155  Charitable contributions  9 Add lines 7 and 8  10 Income (line 28, page 1)- line 6 less line 9  2,009,155  Charitable contributions  9 Add lines 25, Schedule L)  1 Balance at beginning of year  2 Net income (loss) per books  2 (10,178,186)  5 Distributions: a Cash   | ٠.     | Figure 200 and an hooke this year not   |            |                         | -                                     |                    |  |  |  |  |  |
| a Depreciation \$ b Charitable contributions \$ c Travel and entertainment \$ 9 Add lines 7 and 8 \$ 2,009,155 to Income (line 28, page 1)- line 6 less line 9 2,009,155 Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)  1 Balance at beginning of year 10,178,186 5 Distributions: a Cash 13,112,269 2 Net income (loss) per books 2,009,155 6 Other decreases (itemize): 7 Add lines 5 and 6 13,112,269   | 5      | •   |            |                         |                                       |                    |  |  |  |  |  |
| Charitable of the contributions of the contributions of the contributions of the contributions of the contributions of the contributions of the contributions of the contributions of the contributions of the contributions of the contribution of th   | _      | •   |            | a Depreciation          |                                       |                    |  |  |  |  |  |
| 9 Add lines 7 and 8  6 Add lines 1 through 5 2,009,155 10 Income (line 28, page 1)- line 6 less line 9 2,009,155  Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)  1 Balance at beginning of year 10,178,186 5 Distributions: a Cash 13,112,269  2 Net income (loss) per books 2,009,155 b Stock  3 Other increases (itemize): c Property  6 Other decreases (itemize):  7 Add lines 5 and 6 13,112,269  | a<br>b | Charitable e  |            |                         |                                       |                    |  |  |  |  |  |
| Add lines 1 through 5  Schedule M-2  Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)  Balance at beginning of year  Net income (loss) per books  Other increases (itemize):  Other decreases (itemize):  Add lines 7 and 8  Income (line 28, page 1)- line 6 less line 9  2,009,155  Distributions: a Cash  Stock  C Property  Other decreases (itemize):  Add lines 5 and 6  13,112,269  | С      | Travel and  |            |                         |                                       |                    |  |  |  |  |  |
| Add lines 1 through 5  Schedule M-2  Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)  Balance at beginning of year  Net income (loss) per books  Other increases (itemize):  Other decreases (itemize):  Add lines 5 and 6  2,009,155  Distributions: a Cash  Stock  C Property  6 Other decreases (itemize):  7 Add lines 5 and 6  13,112,269  |        | •   |            | 9 Add lines 7 and 8     |                                       |                    |  |  |  |  |  |
| Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)  1 Balance at beginning of year 10,178,186 5 Distributions: a Cash 13,112,269  2 Net income (loss) per books 2,009,155 b Stock c Property  6 Other decreases (itemize):  7 Add lines 5 and 6 13,112,269  | _      |   | 2.009.155  | 10 Income (line 28 nace | 1) line 6 lees line 0                 | 2 009 155          |  |  |  |  |  |
| 1 Balance at beginning of year 10,178,186 5 Distributions: a Cash 13,112,269 2 Net income (loss) per books 2,009,155 b Stock c Property 6 Other decreases (itemize): 7 Add lines 5 and 6 13,112,269  | _      |   |            |                         | ine 25. Schedule I \                  | 2,000,130          |  |  |  |  |  |
| 2 Net income (loss) per books 2,009,155 b Stock C Property 6 Other decreases (itemize): 7 Add lines 5 and 6 13,112,269   |        |   | 10.178.186 |                         |                                       | 13.112.269         |  |  |  |  |  |
| 3 Other increases (itemize):  C Property  6 Other decreases (itemize):  7 Add lines 5 and 6  13,112,269  | -      |   |            |                         | Stock                                 |                    |  |  |  |  |  |
| 6 Other decreases (itemize): 7 Add lines 5 and 6 13,112,269  | _      |   |            | . د                     | Property                              |                    |  |  |  |  |  |
| 7 Add lines 5 and 6 13,112,269   | -      |   |            | 6 Other decreases (ite  | mize):                                |                    |  |  |  |  |  |
| 40.400.044   | •      | · · · · · · · · · · · · · · · · · · ·   |            |                         |                                       | 13,112.269         |  |  |  |  |  |
|  | 4      | Add lines 1, 2, and 3   | 12,187,341 |                         |                                       |                    |  |  |  |  |  |

Form **4626** 

### **Alternative Minimum Tax-Corporations**

OMB No. 1545-0175

Department of the Treasury Internal Revenue Service

See separate instructions.
 Attach to the corporation's tax return.

2003

| Name<br><b>El</b> | MC CAPITAL CORP  |           |                 |                           |        | dentification number<br>33350 |
|-------------------|--|-----------|-----------------|---------------------------|--------|-------------------------------|
|                   | Note: See page 1 of the instructions to find out if the corporation is a small corporation from the AMT under section 55(e).                                 | exemp     | t               |                           |        |                               |
| 1                 | Taxable income or (loss) before net operating loss deduction   |           |                 |                           | 1      | 1,997,11                      |
| 2                 | Adjustments and preferences:   | 2         |                 |                           |        |                               |
| a                 | Depreciation of post-1986 property   |           |                 |                           | 2a     | <u></u>                       |
| b                 | Amortization of certified pollution control facilities   |           |                 |                           |        |                               |
| С                 | Amortization of mining exploration and development costs   |           |                 |                           |        |                               |
| d                 | Amortization of circulation expenditures (personal holding companies only)   |           |                 |                           | 2d     |                               |
| e                 | Adjusted gain or loss  |           |                 |                           |        |                               |
| f                 | Long-term contracts  |           |                 |                           | 100    |                               |
|                   | Merchant marine capital construction funds   |           |                 |                           |        |                               |
| h                 | Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only   | )         |                 |                           | 2h     |                               |
| i                 | Tax shelter farm activities (personal service corporations only)   |           |                 |                           |        |                               |
| -                 | Passive activities (closely held corporations and personal service corporations only)  |           |                 |                           |        |                               |
|                   | Loss limitations   |           |                 |                           |        |                               |
| 1                 | B 10.  |           |                 |                           | -      |                               |
| m                 | Tax-exempt interest income from specified private activity bonds   |           |                 |                           |        | <del> </del>                  |
| n                 |  |           |                 |                           |        |                               |
|                   | Intangible drilling costs Other adjustments  |           |                 |                           | 1 -    |                               |
|                   | Other adjustments  Preadjustment alternative minimum taxable income (AMTI). Combine lines 1 through 2  |           |                 |                           |        | 1,997,111                     |
|                   | Adjusted current earnings (ACE) adjustment:  |           | • • • • • • • • |                           | 13     | 2/22//22                      |
|                   | ACE from line 10 of the worksheet on page 11 of the instructions   | 4a        | 1.              | 997,11                    | ıl .   |                               |
|                   | Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a   | 144       |                 | ,,,,,,,                   | 7      |                               |
|                   | negative amount. See examples on page 6 of the instructions  | 4b        |                 |                           |        |                               |
|                   | Multiply line 4b by 75% (.75). Enter the result as a positive amount   | 4c        |                 | <del></del>               |        |                               |
|                   |  | 1         |                 | ····                      |        |                               |
|                   | Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE | 1 1       |                 |                           |        |                               |
|                   |  | 1 1       |                 |                           |        |                               |
|                   | adjustments (see page 6 of the instructions). Note: You must enter an amount   |           | -               |                           |        | •                             |
|                   | on line 4d (even if line 4b is positive)   | 4d        |                 |                           | 의 :    |                               |
|                   | ADE P. Louis   |           |                 |                           |        |                               |
| e                 | ACE adjustment:  | ٦,        |                 |                           | 1 :    |                               |
|                   | If line 4b is zero or more, enter the amount from line 4c  |           |                 |                           |        |                               |
|                   | • If line 4b is less than zero, enter the smaller of line 4c or line 4d as a negative amo  | C muc     | • • • • • • •   | • • • • • • • • • • • • • | 4e     | <del></del>                   |
|                   |  |           |                 |                           | _      | 1 007 111                     |
| 5                 | Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe any Al  | мі        |                 | • • • • • • • • • • • • • | 5      | 1,997,111                     |
| 6                 | Alternative tax net operating loss deduction (see page 7 of the  |           |                 |                           |        |                               |
|                   | instructions)  |           |                 |                           | 6      |                               |
| 7                 | Alternative minimum taxable income. Subtract line 6 from line 5. If the corporation he   |           | idual           |                           | 1 1    |                               |
|                   | interest in a REMIC, see page 7 of the instructions  |           |                 |                           | 7      | 1,997,111                     |
| 8                 | Exemption phase-out (if line 7 is \$310,000 or more, skip lines 8a and 8b and enter -0-  | on line   | 8c):            |                           | 1 1    |                               |
| а                 | Subtract \$150,000 from line 7 (if completing this line for a member of a controlled   |           |                 |                           | 1 1    |                               |
|                   | group, see page 7 of the instructions).  | 1 1       |                 |                           | _      |                               |
|                   | If zero or less, enter -0- CONTROLLED GROUP  | 8a        |                 | 600,00                    |        |                               |
| b                 | Multiply line 8a by 25% (.25)  | 86        |                 | 150,00                    | 2      |                               |
| c                 | Exemption. Subtract line 8b from \$40,000 (if completing this line for a member of a cor   |           |                 |                           |        |                               |
|                   | see page 7 of the instructions). If zero or less, enter -0-  |           |                 |                           | 8c     | <u> </u>                      |
| )                 | Subtract line 8c from line 7. If zero or less, enter -0-   | . <b></b> |                 |                           | 9      | 1,997,111                     |
| )                 | Multiply line 9 by 20% (.20)   | ·         |                 | <i></i>                   | 10     | 399,422                       |
| l                 | Alternative minimum tax foreign tax credit (see page 7 of the instructions)  |           |                 |                           | 11     |                               |
| ļ                 | Tentative minimum tax. Subtract line 11 from line 10   |           |                 |                           | 12     | 399,422                       |
| }                 | Regular tax liability before all credits except the foreign tax credit and possessions tax   | credit    |                 |                           | 13     | 667,268                       |
|                   | Alternative minimum tax. Subtract line 13 from line 12. If zero or less, enter -0 Enter  |           |                 |                           |        |                               |
|                   | Form 1120, Schedule J, line 4, or the appropriate line of the corporation's income tax re  |           |                 |                           | 14     | O                             |
|                   |  |           | <del></del>     | <del></del>               | لبننيا |                               |

#### SCHEDULE D

(Form 1120)

Name

Department of the Treasury Internal Revenue Service

### **Capital Gains and Losses**

Attach to Form 1120, 1120-A, 1120-F, 1120-FSC, 1120-H, 1120-IC-DISC, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, 990-C, or certain Forms 990-T.

OMB No. 1545-0123

2003

Employer identification number

EMC CAPITAL CORP 51-0383350 Short-Term Capital Gains and Losses-Assets Held One Year or Less Part I (e) Cost or other (b) Date acquired (c) Date sold (f) Gain or (loss) (a) Description of property (d) Sales price basis (see (Example: 100 shares of Z Co.) (mo., day, yr.) (mo., day, yr.) (see instructions) (Subtract (e) from (d)) instructions) FORM 6781, PART 810,292 2 Short-term capital gain from installment sales from Form 6252, line 26 or 37 2 3 Short-term gain or (loss) from like-kind exchanges from Form 8824 3 4 Unused capital loss carryover (attach computation) 4 5 Net short-term capital gain or (loss). Combine lines 1 through 4. 810,292 Part II Long-Term Capital Gains and Losses-Assets Held More Than One Year EMIF LLC 4/30/03 9.024 1/01/01 -9,024 FORM 6781, PART 1,215,437 7 Enter gain from Form 4797, column (g), line 7 or 9 7 8 Long-term capital gain from installment sales from Form 6252, line 26 or 37 8 9 Long-term gain or (loss) from like-kind exchanges from Form 8824 10 Capital gain distributions (see instructions) 10 1,206,413 11 Net long-term capital gain or (loss). Combine lines 6 through 10 11 Part III Summary of Parts I and II 810,292 12 Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 11) 13 Net capital gain. Enter excess of net long-term capital gain (line 11) over net short-term capital 1,206,413 13 14 Add lines 12 and 13. Enter here and on Form 1120, page 1, line 8, or the proper line on other 2,016,705 14 Note: If losses exceed gains, see Capital losses in the instructions on page 2.

Form 6781

### Gains and Losses From Section 1256 Contracts and Straddles

OMB No. 1545-0644

2003

Department of the Treasury Internal Revenue Service Attachment Sequence No. 82 Attach to your tax return. Name(s) shown on tax return identifying number EMC CAPITAL CORP 51-0383350 Check all applicable boxes (see instructions). Mixed straddle election C Mixed straddle account election Straddle-by-straddle identification election D Net section 1256 contracts loss election Section 1256 Contracts Marked to Market (b) Gain or (loss) for entire year (c) Post-May 5 (a) Identification of account ENERGY MERCHANT INVESTORS FUND, 2,286,608 FIMAT & STONE -260,879 2,025,729 Net gain or (loss). Add the amounts on line 1 in columns (b) and (c) Form 1099-B adjustments. See instructions and attach schedule 3 Combine lines 2 and 3, column (b) 4 2,025,729 Combine lines 2 and 3, column (c) Note: If line 4 shows a net gain, skip line 6 and enter the line 4 and 5 amounts on line 7. Partnerships and S corporations, see instructions. If you have a net section 1256 contracts loss and you checked box D above, enter the amount of that loss to be carried back, as a positive number. Do not enter in column (c) more than any loss on line 5 2,025,729 Combine lines 4 and 6, column (b), and combine lines 5 and 6, column (c) 7 Short-term capital gain or (loss). Multiply line 7, columns (b) and (c), by 40% (.40). Enter here and include on the appropriate line of Schedule D (see instructions) 810,292 8 Long-term capital gain or (loss), Multiply line 7, columns (b) and (c), by 60% (.60). Enter here and include on the appropriate line of Schedule D (see instructions) 1,215,437 Gains and Losses From Straddles. Attach a separate schedule listing each straddle and its components. Section A-Losses From Straddles (f) Loss. (h) Recognized (e) Cost or (g) If column (e) (b) Date loss for entire (c) Date other basis is more than Unrecognized year. If column (f) (a) Description entered (d) Gross \*(i) 28% rate Post-May 5 closed out plus gain on is more than (g), (d), enter into or sales price loss (see instr. loss (see of property or sold difference. offsetting enter difference. expense of below) instructions acquired Otherwise, Otherwise, enter sale positions enter -0--0-10 11a Enter the short-term portion of losses from line 10, columns (h) and (j), here and include on the appropriate line of Schedule D (see instructions) 11a Enter the long-term portion of losses from line 10, columns (h), (i), and (j), here and include on the appropriate line of Schedule D (see instructions) . 11b Section B-Gains From Straddles (f) Gain for entire year If col. (d) is more than (e), enter difference. Otherwise, enter -0-(b) Date entered into or (a) Description of (c) Date closed out or sold (e) Cost or other (d) Gross sales price '(g) 28% rate gain pasis plus expense of sale property (see instr. below) acquired 12 Enter the short-term portion of gains from line 12, columns (f) and (h), here and include on the appropriate line of Schedule D (see instructions) 13a Enter the long-term portion of gains from line 12, col. (f), (g), and (h), here and include on the appropriate line of Schedule D (see instructions) Unrecognized Gains From Positions Held on Last Day of Tax Year. Memo Entry Only (see instructions) (e) Unrecognized gain. (b) Date (c) Fair market value on (d) Cost or other basis If column (c) is more (a) Description of property than (d), enter difference. acquired last business day of tax year as adjusted Otherwise, enter -0-

| Form | 1120    | Carryover Worksheet                          |          |             | 2003                |
|------|---------|--|----------|-------------|---------------------|
| ,,   |         | For calendar year 2003 or tax year beginning | , ending |             |                     |
| Name |         |  | ·        | Employer Id | entification Number |
| EMC  | CAPITAL | CORP   |          | 51-038      | 3350                |

| Net Capital Loss                              |                       | Prior Yea | ar | Current Year   | Next Year                 |
|---|-----------------------|-----------|----|--|---------------------------|
| Preceding Net Capital<br>Tax Year Gain/(Loss) |                       |           |    | Gain Offset<br>By Carryback/<br>Carryovers<br>Utilized | Capital Loss<br>Carryover |
| sth 12/31/98                                  |                       |           |    | ***************************************                |                           |
| 4th 12/31/99                                  |                       |           |    |  |                           |
| 3rd 12/31/00                                  |                       |           |    |  |                           |
| 2nd 12/31/01                                  |                       |           |    |  |                           |
| 1st 12/31/02                                  |                       |           |    |  |                           |
| Capital Loss Carryove                         | Available To Current  | Year      | 0  |  |                           |
| Current Year                                  | 2,009,155             | 5         |    |  | 0                         |
| Capital Loss Carryover                        | Available To Next Yea | ar ·      |    |  | 0                         |

| Section 1231          | Losses                   | Prior '    | Year         | Current Year               | Next Year    |
|-----------------------|--------------------------|------------|--------------|----------------------------|--------------|
| Preceding<br>Tax Year | 1231<br>Loss             | Recaptured | Unrecaptured | Prior Losses<br>Recaptured | Unrecaptured |
| 5th 12/31/98          |                          |            |              |                            |              |
| 4th 12/31/99          |                          |            |              | Á                          |              |
| 3rd 12/31/00          |                          |            |              |                            |              |
| 2nd 12/31/01          |                          |            |              |                            |              |
| 1st 12/31/02          |                          |            |              |                            |              |
|                       | able for Recapture in Cu | rrent Year | 0            |                            |              |
| Current Year          | 0                        |            |              |                            | 0            |
| 1231 Losses Availa    | able for Recapture in Ne | xt Year    |              |                            | C            |

| General Bus           | iness Credit                               | Prior `                                 | <b>f</b> ear        | Curre                  | Next Year                  |                     |
|-----------------------|--|---|---------------------|------------------------|----------------------------|---------------------|
| Preceding<br>Tax Year | Tax > than Credits<br>(Credits > than Tax) | (Tax Offset by C/B)<br>Credits Utilized | Credit<br>Carryover | Carryovers<br>Utilized | Tax Offset<br>By Carryback | Credit<br>Carryover |
| 5th 12/31/88          |  |   |                     |                        |                            |                     |
| 4tt 12/31/89          |  |   |                     |                        |                            |                     |
| 3th 12/31/90          |  |   |                     |                        |                            |                     |
| 2th 12/31/91          |  |   |                     |                        |                            |                     |
| 1th 12/31/92          |  |   |                     |                        |                            |                     |
| oth 12/31/93          |  |   |                     |                        |                            |                     |
| th 12/31/94           |  |   |                     |                        |                            |                     |
| n 12/31/95            |  |   | <u> </u>            |                        |                            |                     |
| h 12/31/96            |  |   |                     |                        |                            |                     |
| h 12/31/97            |  |   |                     |                        |                            |                     |
| h 12/31/98            |  |   |                     |                        |                            |                     |
| h 12/31/99            |  |   |                     |                        |                            |                     |
| d 12/31/00            |  |   |                     |                        |                            |                     |
| d 12/31/01            |  |   |                     |                        |                            |                     |
| 1 12/31/02            |  |   |                     |                        |                            |                     |
| General Bus. Cred     | dit Carryover To Current                   | Year                                    | 0                   |                        |                            |                     |
| Current Year          | 267,846                                    |   |                     |                        |                            |                     |

Con and Rusiness Credit Carryover Available To Next Year

FYE: 12/31/2003

# **Federal Statements**

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Statement 1 - Form 1120, Page 1, Line 10 - Other Income

|        | Descri   | otion    |      |           | Amount        |
|--------|----------|----------|------|-----------|---------------|
| ENERGY | MERCHANT | ADVISORY | CO., | \$        | -23,131       |
| T      | OTAL     |          |      | \$        | -23,131       |
| 1      | OTAL     |          |      | ۶ <u></u> | <del></del> - |

12 129000 EIVIC CAPITAL CURP

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# **Federal Statements**

51-0383350

FYE: 12/31/2003

# Statement 2 - Form 1120, Page 1, Line 10 - Other Income Pass Through Information

|        | Name of Entity    |            |     |         |                 |       |            |       |       |
|--------|-------------------|------------|-----|---------|-----------------|-------|------------|-------|-------|
|        |                   | _ EIN      |     |         | Add             | dress | City       | State | Zip   |
| ENERGY | MERCHANT ADVISORY | CO., LLC   |     |         |                 |       |            |       |       |
|        |                   | 06-1601720 | 369 | FLORIDA | $\mathtt{HILL}$ | RD    | RIDGEFIELD | CT    | 06877 |

51-0383350

# **Federal Statements**

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FYE: 12/31/2003

### Statement 3 - Form 1120, Page 1, Line 26 - Other Deductions

| Description                   | <br>Amount  |
|-------------------------------|-------------|
| BANK CHARGES                  | \$<br>125   |
| ENERGY MERCHANT INVESTORS FUN | <br>2,945   |
| TOTAL                         | \$<br>3,070 |

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# **Federal Statements**

51-0383350 FYE: 12/31/2003

## Statement 4 - From 1120, Page 1, Line 26 - Other Deductions Pass Through Information

|        | Name     | e of Entity |                         |     |         |         |            |     |       |       |   |
|--------|----------|-------------|-------------------------|-----|---------|---------|------------|-----|-------|-------|---|
|        |          |             | EIN                     |     |         | Address |            | ity | State | Zip   | ) |
| ENERGY | MERCHANT | INVESTORS   | FUND, LLC<br>13-4146885 | 369 | FLORIDA | HILL RD | RIDGEFIELI | )   | CT    | 06877 |   |

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**Federal Statements** 

FYE: 12/31/2003

# Statement 5 - 1120, Pg 3, Sch K, Question 3 - Did the Corp Own 50% or More of a Domestic Corp

| EIN        | Name Name  |          |       |       |                  |                  |
|------------|--|----------|-------|-------|------------------|------------------|
|            | Address  | City     | State | Zip   | Percent<br>Owned | Income<br>(Loss) |
| .3-4146881 | ENERGY MERCHANT MANAGEMENT CO., LLC<br>126 E 56TH ST, 33 FLOOR | NEW YORK | NY    | 10022 | 100.000 \$       | 12,044           |
|            | 120 & 301R SI, 33 PHOOR  | MEM TOKK | TA T  | 10022 | 100.000 \$       | 12,044           |

51-0383350

# **Federal Statements**

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FYE: 12/31/2003

# Statement 6 - Form 1120, Pg 3, Sch K, Question 5 - Did Entity Own 50% or More of Corp Stock?

| EIN/SSN    | Name of Entity              | Percent<br>Owned |
|------------|-----------------------------|------------------|
| 13-4104912 | ENERGY MERCHANT HOLDING INC | 100.000          |
| TOTAL      |                             | 100.000          |

51-0383350

### **Federal Statements**

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FYE: 12/31/2003

### Statement 7 - Form 1120, Page 4, Schedule L, Line 6 - Other Current Assets

| Description  | Beginning<br>of Year | End<br>of Year |
|--------------|----------------------|----------------|
| DUE FROM EMC | \$ 11,156,634        | \$             |
| TOTAL        | \$ 11,156,634        | . \$ 0         |

### Statement 8 - Form 1120, Page 4, Schedule L, Line 9 - Other Investments

| Description  |  | <u></u> | Beginning<br>of Year                      | <br>End<br>of Year  |
|--|--|---------|---|---------------------|
| FIMAT & STONE BROKERAGE EMAC LLC EMMC LLC EMIF LLC |  | \$      | 236,158<br>-97,540<br>-151,205<br>820,374 | \$<br>73,222<br>465 |
| TOTAL  |  | \$      | 807,787                                   | \$<br>73,687        |

### Statement 9 - Form 1120, Page 4, Schedule L, Line 18 - Other Current Liabilities

| Description | <br>Beginning<br>of Year | End<br>Year |
|-------------|--------------------------|-------------|
| DUE TO EMAC | \$<br>786,235            | \$<br>      |
| TOTAL       | \$<br>786,235            | \$<br>0     |

Form 1120 2003 For calendar year 2003 or tax year beginning ending Name Taxpayer Identification Number EMC CAPITAL CORP 51-0383350 ENERGY MERCHANT ADVISORY CO., Form K-1 Activity Unit NONPASSIVE Entire disposition of activity Type I/S K1 & K1-2 Input At-Risk adjustment Suspended PAL PAL disallowed Tax Return 1120 Page 1 Business -23,131 -23,131 Ordinary income (loss) Rental RE income (loss) Other rental inc (loss) Other inc (loss) Depreciation / Sec 179 Disallowed Sec 179 exp Depr/Sec 179 allowed Depletion Intangible drilling costs Other deductions Charitable contrib Guaranteed payments 1120 P1 Portfolio Interest income Royalties Oth portfolio inc/loss nvestment int expense Deds related to portfolio Schedule C Dividends Schedule D ST capital gain (loss) .T capital gain (loss) Form 4797 Part I gain (loss) Part II gain (loss) Section 179 recapture Schedule M ax-exempt interest inc Other tax-exempt inc londeductible expenses Credits & Payments ed income tax payments .ow inc housing credit lecap low inc hous: pships lecap low inc hous: other Form 4626 'ost 86 depreciation adj djusted gain (loss) repletion Ith adjmts & tax prefs

K-1 Reconciliation Worksheet

| Form <b>1120</b>                      |                                       | K-1 Reconciliat       |                                       |            |                | 2003            |     |
|---------------------------------------|---------------------------------------|-----------------------|---------------------------------------|------------|----------------|-----------------|-----|
|                                       | For calendar year 2003                | or tax year beginning | , en                                  | nding      |                |                 |     |
| Name EMC CAPITAL                      |                                       |                       |                                       |            | 51-0383        | ntification Num |     |
| · · · · · · · · · · · · · · · · · · · | MERCHANT IN                           | ESTORS FUND,          | LLC                                   | Forr       | n <u>K-1</u>   | Unit _          | 2   |
| Type PASSIV                           | E                                     |                       | · · · · · · · · · · · · · · · · · · · | Enti       | re disposition | of activity     | X   |
|                                       | I/S K1 & K1-2 Input                   | At-Risk adjustment    | Suspended PAL                         | PAL disali | owed           | Tax Return      |     |
| 1120 Page 1 Business                  |                                       |                       |                                       |            |                |                 |     |
| Ordinary income (loss)                |                                       |                       |                                       |            |                |                 |     |
| Rental RE income (loss)               |                                       |                       |                                       |            |                |                 |     |
| Other rental inc (loss)               |                                       |                       |                                       |            |                |                 |     |
| Other inc (loss)                      |                                       |                       |                                       |            |                |                 |     |
| Depreciation / Sec 179                |                                       |                       |                                       |            |                |                 |     |
| Disallowed Sec 179 exp                |                                       |                       |                                       | 1          |                |                 |     |
| Depr/Sec 179 allowed                  |                                       |                       |                                       |            |                |                 | - 1 |
| Depletion                             |                                       |                       |                                       |            |                |                 |     |
| ntangible drilling costs              |                                       |                       |                                       |            |                |                 |     |
| Other deductions                      |                                       |                       |                                       |            |                |                 |     |
| Charitable contrib                    |                                       |                       |                                       |            |                | -               |     |
| Suaranteed payments                   |                                       |                       |                                       |            |                |                 |     |
| 1120 P1 Portfolio                     | ,                                     |                       |                                       |            |                |                 |     |
| nterest income                        | 5,618                                 |                       |                                       | · ·        |                | 5,              | 618 |
| Royalties                             |                                       |                       |                                       |            |                |                 |     |
| Oth portfolio inc/loss                |                                       |                       |                                       |            |                |                 |     |
| nvestment int expense                 | -636                                  |                       |                                       |            |                |                 | 636 |
| eds related to portfolio_             | -2,945                                |                       |                                       |            |                | -2,             | 945 |
| Schedule C                            |                                       |                       |                                       |            | 1              |                 |     |
| Dividends                             |                                       |                       |                                       |            |                |                 |     |
| Schedule D                            |                                       |                       |                                       |            |                |                 |     |
| T capital gain (loss)                 |                                       |                       |                                       |            |                |                 |     |
| T capital gain (loss)                 |                                       | <del></del>           |                                       |            |                |                 |     |
| Form 4797                             |                                       |                       |                                       | ĺ          |                |                 | ľ   |
| Part I gain (loss)                    | · · · · · · · · · · · · · · · · · · · |                       |                                       |            |                |                 |     |
| Part II gain (loss)                   |                                       |                       | ·                                     |            |                |                 |     |
| Section 179 recapture                 |                                       |                       |                                       |            |                |                 |     |
| Schedule M                            | į                                     |                       |                                       |            | 1              |                 |     |
| ax-exempt interest inc                |                                       |                       |                                       |            |                |                 |     |
| Other tax-exempt inc                  |                                       |                       |                                       |            | <u></u>        |                 |     |
| londeductible expenses                |                                       |                       |                                       |            |                |                 |     |
| Credits & Payments                    |                                       |                       |                                       |            |                |                 |     |
| ed income tax payments                |                                       |                       |                                       |            |                |                 |     |
| ow inc housing credit                 |                                       |                       |                                       |            |                |                 |     |
| Recap low inc hous: pship             | S                                     |                       |                                       |            |                |                 |     |
| Recap low inc hous: other             |                                       |                       |                                       | ,          |                |                 |     |
| Form 4626                             |                                       |                       |                                       |            |                |                 |     |
| ost 86 depreciation adj               | ·                                     |                       | ·                                     |            | ľ              | · .             | 1   |
| djusted gain (loss)                   |                                       |                       |                                       |            | ļ              |                 |     |
| Depletion                             |                                       |                       |                                       |            |                |                 |     |
| Oth adjmts & tax prefs                |                                       |                       |                                       |            |                |                 |     |
|                                       |                                       | <del></del>           |                                       |            |                |                 |     |

|                           | Tax Computation Worksheet  |             |                                 |
|---------------------------|--|-------------|---------------------------------|
| Form 1120                 |  |             | 2003                            |
|                           | For calendar year 2003 or tax year beginning , ending , ending   |             | 1 - 1/5 - 1/2 - 1/2 - 1/2 - 1/2 |
| Name                      |  | Employer id | dentification Number            |
| EMC CAPITA                | L CORP   | 51-038      | 3350                            |
| Taxable income fro        | m LINE 30, FORM 1120   |             | 1,997,11                        |
| 2) Number of months       |  | 2           | 1                               |
|                           | nnualized, if applicable) (Multiply line 1 times 12 months divided by line 2) (If PSC, skip to line 16)                  | 3           | 1,997,11                        |
|                           | line 3 or \$50,000 (members of a controlled group, see instructions)   |             | 50,00                           |
| 5) Subtract line 4 from   |  |             | 1,947,11                        |
| 6) Enter the lesser of    | line 5 or \$25,000 (members of a controlled group, see instructions)   |             | 25,00                           |
| 7) Subtract line 6 from   |  | 7           | 1,922,11                        |
| 8) Enter the lesser of    | line 7 or \$9,925,000 (members of a controlled group, see instructions)  |             | 1,922,11                        |
| 9) Subtract line 8 from   |  |             |                                 |
| 0) Multiply line 4 times  | : 15%  |             | 7,50                            |
|                           | : 25%  |             | 6,25                            |
| 2) Multiply line 8 times  | 34%  | 12          | 653,51                          |
| 3) Multiply line 9 times  |  | 1401        |                                 |
| 4) Additional tax. If lin | e 3 is more than \$100,000, enter the lesser of: (a) 5% of the excess of line 3 over                                     | 1 1         |                                 |
| \$100,000 or (b) \$ 1     | 1,750 (members of a controlled group, see instructions)  | 14          |                                 |
|                           | e 3 is more than \$15,000,000, enter the lesser of: (a) 3% of the excess of line 3 over                                  |             |                                 |
| \$15,000,000 or (b)       | \$ 100,000 (members of a controlled group, see instructions)   | 15          |                                 |
| 6) If PSC, multiply line  | 3 by 35%   | 16          |                                 |
| 7) Tentative tax. Add     | lines 10 through 16.   | 17          | 667,26                          |
| 8) Number of months       | in tax year  | 18          | 1                               |
| •                         | credits (annualized, if applicable) (Multiply line 17 times line 18 divided by 12 months)  LINE 3, SCHEDULE J, FORM 1120 | 19          | 667,26                          |

51-0383350

# **Federal Statements**

1/25/2006 10:18 AM

FYE: 12/31/2003

### Form 1120, Page 1, Line 5 - Interest

| Description                                | Amount  |                |  |  |
|--|---------|----------------|--|--|
| OTHER INTEREST<br>OTHER INTEREST (SCH K-1) | \$      | 1,625<br>5,618 |  |  |
| TOTAL                                      | <br>خ   | 7,243          |  |  |
| IOIAL                                      | ـــــــ | 1,243          |  |  |

### Form 1120, Page 1, Line 18 - Interest

| Description              | A       | mount |
|--------------------------|---------|-------|
| PASS THROUGH ENTITY (SCH | K-1) \$ | 636   |
| TOTAL                    | \$      | 636   |

Department Of Revenue Services
State Of Connecticut

**FORM CT-1120** 

| -       | •    |       |        |          |
|---------|------|-------|--------|----------|
| Corpora | tion | Busin | ess Ta | x Return |

2003

| Rev. 12/03) AD  | Enter Income Year Beginni  | ng 1/01/           | 03 , and Ending 1                                  | 2/31/03       | }           |   | •      |
|---|--|--------------------|--|---------------|-------------|---|--------|
| otal Assets 75,072 00                                   |  |                    |  |               |             | ut Tax Registration Number              |        |
| Gross Receipts  | I  |                    |  | DRS           | USE         | ONLY                                    |        |
| 00  | EMC CAPITAL CO   | ORP                |  |               |             | 20                                      |        |
| IAICS Code (see instructions)                           | 126 EAST 56TH  | ST, 33R            | D FLOOR  | Fed           | eral Em     | ployer ID Number                        |        |
| <b>▶</b> 523130   | NEW YORK   |                    | Y 10022  |               |             | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, |        |
| Audited By F O  |  |                    |  | 51            | -03         | 83350                                   |        |
| CHECK AND COMPLETE ALL                                  | APPLICABLE BOXES   | 4. If this is a fi | nal return, has the corporation:                   | 5. Federal r  | etum w      | vas filed on:                           | $\neg$ |
| 1. Change of: 2. Return Status:                         | If this is a short period, check the corresponding                   | Dissol             | . —  | ▶ 1120        | <b>&gt;</b> | 1120A ▶ 1120H                           | - [    |
| Closing Initial Return                                  | check the corresponding box:   | ▶ Merge            | d/Reorganized (Enter survivor's                    |               |             |   | -      |
| Month Final Return                                      | Merger   | Conne              | cticut Tax Registration Number)                    | N Y           |             | ed Basis:                               |        |
| Address Short Period                                    | Acquisition  |                    |  | Parent Co. Na | me 🕨        | ENERGY MERCH                            | AN     |
| Return  | Change of Filing Status  |                    |  |               |             | 13-4104912                              |        |
| 6. Is this corporation exchang                          | ging R & D tax credits? ▶  | Yes (Attach Fo     | rm CT-1120 XCH) X No                               |               |             |   |        |
| 7. Was this company include                             |  |                    |  | X Yes ▶       | □N          | o                                       | - 1    |
| (If this is the first year elect                        | ting or revoking combined statu                                      | us, attach Form    | CT-1120CC or Form CT-112                           | 20CC-R)       |             |   | - 1    |
| 8. Is this company included in                          |  |                    |  |               |             | No                                      |        |
| 9. Is the principal place of bus                        |  |                    |  |               |             | ace of business is                      | -      |
| located   | State of incorp  | oration DE         | Date of organization 6/                            | 30/98         |             | i                                       |        |
| Date qualified in Connection                            | cut 6/30/98 Date   | business bega      | n in Connecticut 6/30                              | 798           |             |   |        |
| 10. Is this corporation exempt from                     |  |                    |  |               | X           | No                                      |        |
| 11. Is this corporation annualiz                        | ing its income?▶ 🗍 Yes (A  | Attach Form CT-    | 1120I) X No  |               |             |   |        |
| 12. Is this company subject to                          |  |                    | 1 - 1  | s (Attach For | m CT        | -1120AB) X No                           | _]     |
| - ATTACH A COMPLET                                      | E COPY OF FORM 1120 INCL   | UDING ALL SC       | HEDULES AS FILED WITH                              | THE INTERNA   | AL RE       | VENUE SERVICE -                         |        |
| SCHEDULE A - COM  | PUTATION OF TAX OF   | NET INCO           | ME   |               |             |   |        |
| 1. Net income (Schedule D, L                            | ine 18) (If 100% Connecticut,  | also enter on I    | ine 3)   | <i>,</i>      | 1           | 1,997,111                               | 00     |
| 2. Apportionment fraction (Ca                           | irry to six places. See instruction                                  | ons.)              |  | <b>&gt;</b>   | 2           | 1.00000                                 | ) Q    |
| 3. Connecticut net income (M                            |  |                    |  |               | 3           | 1,997,111                               | 00     |
| 4. Operating loss carryover (F                          |  |                    |  |               | 4           |   | 00     |
| 5. Income subject to tax (Sub                           |  |                    |  |               | 5           | 1,997,111                               | 00     |
| 6. TAX: Multiply Line 5 by 7.5                          |  |                    |  | _             | 6           | 149,783                                 | 00     |
| SCHEDULE B - COM  | PUTATION OF MINIMU   | JM TAX ON          | CAPITAL  |               |             |   |        |
| 1. Minimum tax base (Schedu                             |  |                    |  | •             | 1           | 5,626,629                               | 30     |
| 2. Apportionment fraction (Ca                           |  |                    |  |               | 2           | 1.00000                                 | 0 (    |
|   |  |                    |  |               | 3           | 5,626,629                               | 00     |
| 4. Number of months covered                             |  |                    |  |               | 4           | 12                                      |        |
| 5. Multiply Line 3 by Line 4, d                         | is ide the coult by 10   |                    |  | ▶.            | 5           | 5,626,629                               | 00     |
| 6. TAX: (3 and 1/10 mills per                           |  |                    |  | <b>&gt;</b>   | 6           | 17,443                                  | 00     |
| SCHEDULE C - COM  | PUTATION OF AMOUN  | NT PAYABL          | E (MINIMUM TAX \$250                               | 0)            |             |   |        |
| 1a. Tax (Greater of Schedule A                          |  |                    |  |               | 1a          | 149,783                                 |        |
| 1b. Surtax (Line 1a multiplied t                        | y 20% (.20))   |                    |  |               | 1b          | 29,957                                  | 00     |
| 1c. Recapture of Tax Credits (                          | See instructions)  |                    |  |               | 1c          |   | 00     |
| 1. TOTAL TAX (Enter the total                           | al of Line 1a, Line 1b, and Line                                     | 1c. If no tax cre  | dits claimed, also enter on Li                     | ne 6.)        | 1           | 179,740                                 |        |
| 2. Multiply Line 1 by 30% (0.3                          |  |                    |  |               | 2           | 53,922                                  |        |
| 3. Enter the greater of Line 2                          | or \$250   |                    |  | ▶             | 3           | 53,922                                  |        |
| 4. Tax Credit Limitation (Subt                          | tract Line 3 from Line 1)  |                    |  |               | 4           | 125,818                                 | 20     |
|   | 0K, Part II, Line 11. Do not exc                                     |                    |  |               | 5           |   | 20     |
| 6. Balance of tax payable (Su                           |  |                    |  |               | _6          | 179,740 c                               | 00     |
| 7a. Paid with application for ex                        |  |                    |  |               | 7a          | <u>C</u>                                | 20     |
| 7b. Paid with estimates (Form                           | s CT-1120 ESA, ESB, ESC, &   | ESD)               |  |               | 7b          | <u> </u>                                | 00     |
| 7c. Overpayment from prior ye                           |  |                    |  |               | 7c          |   | 00     |
| 7. TAX PAYMENTS (Enter th                               | e total of Lines 7a, 7b, and 7c)                                     |                    |  |               | 7           |   | 20     |
| 8. Balance of tax due (overpa<br>9. Add<br>Penalty (9a) | id) (Subtract Line 7 from Line (                                     | 6)                 |  | <b>&gt;</b>   | 8           | 179,740                                 | 00     |
| 9. Add Penalty ►(9a)                                    | 00 Int. (9b)   | 0                  | 0 Interest (9c)                                    | 00            | 9           |   | 00     |
| 10. Amount to be credited to 2004                       | est. tax  (10a)  | .00                | Refunded (10b)                                     | .00           | 10          |   | 00     |
| 11. Balance due with this rete                          | urn (Add Line 8 and Line 9)  | <u></u>            |  | <b>&gt;</b>   | 11          | 179,740 o                               | )0     |
| Make check payable to: Com                              |  |                    | Check if you do not want                           |               |             |   |        |
| •   | ch check to return with paper clip. D<br>artment of Revenue Services | no trot staple.)   | to you next year. (Check does not relieve you of y | -             | )           |   |        |
|   | 30x 2974, Hartford CT 06104-297                                      | <b>'</b> 4         | responsibility to file.)                           |               | }           |   | 1      |

| EMC CA                     | PITAL CORP   | 51                               | <u>-0383350</u>       |                           |                                       |             |         | 12125000      | 01/23/20            | 0010.  | . 10 /   |
|----------------------------|--|----------------------------------|-----------------------|---------------------------|---------------------------------------|-------------|---------|---------------|---------------------|--------|----------|
| SCHEDU                     | LED - COMPUTATION OF   | NET INCOME                       |                       |                           |                                       |             |         |               |                     |        |          |
| 1. Federal:                | taxable income (loss) before net operati   | ng loss and special dedu         | ctions                | <b></b>                   |                                       | 1           |         | 2,0           | 09,1                | .55    | 00       |
| 2. Interest                | ncome wholly exempt from federal tax   |                                  |                       | <i></i>                   |                                       | 2           |         |               |                     |        | 00       |
| <ol><li>Unallowa</li></ol> | able deduction for corporation tax (Sche   | dule F, Line 8)                  |                       | <i>.</i>                  |                                       | 3           |         |               |                     |        | 00       |
| 4. Interest                | expenses paid to a related member (Fo  | rm CT-1120AB, Part I A           | , Line 1)             |                           |                                       | 4           |         |               |                     |        | 00       |
| 5. Intangible              | e expenses and costs paid to a related   | member (Form CT-1120             | AB, Part I B, Line    | 1)                        | , <b>&gt;</b>                         | 5           |         |               |                     |        | 00       |
| 6. Federal                 | oonus depreciation (See instructions)  |                                  |                       |                           | <b>&gt;</b>                           | 6           |         |               |                     |        | 00       |
| 7. TOTAL (                 | Add Lines 1 through 6)   |                                  |                       | والمناء المستحد المراجعية | <u></u>                               | 7           |         | 2,0           | 09,1                | 55     | 00       |
| 8. Dividend                | deduction (Form CT-1120 ATT, Sched   | ule I, Line 4)                   |                       |                           |                                       | 8           |         |               | 12,0                | 44     | 00       |
| 9. Capital k               | oss carryover (if not deducted in compu  | ting federal capital gain)       |                       |                           |                                       | 9           |         |               |                     |        | 00       |
| 10. Capital g              | ain from sale of preserved land  |                                  |                       |                           | <b>&gt;</b>                           | 10          |         |               |                     |        | 00       |
| 11. Federal                | oonus depreciation recovery (Form CT-  | 1120 ATT, Schedule J, L          | ine 5)                |                           |                                       | 11          |         | ·—·           | <del> </del>        |        | 00       |
| 12. Exceptio               | ns to interest add back (Form CT-1120  | AB, Part II A, Line 1)           | ·                     |                           |                                       | 12          |         | <del></del>   |                     |        | 00       |
| . 13. Exceptio             | ns to interest add back (Form CT-1120  | AB, Part II A, Line 2)           |                       |                           |                                       | 13          |         |               |                     |        | 00       |
|                            | ns to interest add back (Form CT-1120  |                                  |                       |                           |                                       | 14          |         |               |                     |        | 00       |
|                            | ns to add back of intangible expenses p  |                                  |                       |                           |                                       |             |         |               |                     | - 1    |          |
|                            | <b>T-1120 AB,</b> Part II B, Line 1)   |                                  |                       |                           |                                       | 15          |         |               |                     |        | 00       |
| •                          |  |                                  |                       |                           |                                       | 16          |         |               | 10 0                |        | 00       |
|                            | Add Lines 8 through 16)  |                                  |                       |                           | <del></del>                           | 17          |         |               | $\frac{12,0}{27,1}$ |        |          |
|                            | OME (Subtract Line 17 from Line 7. En<br>LE E - COMPUTATION OF I                                 |                                  |                       | <u></u>                   | 601 1111                              | 18          |         |               | 97,1                |        | 00       |
| SCHEDU                     |  | AND VALIMONIMIN                  |                       |                           | COLUM                                 |             | -+      |               | LUMN                | ٠      | $\dashv$ |
| 1. Capital s               | (See instructions) tock (federal Schedule L, Line 22a and  | Lina (2h)                        | BEGINNING OF          |                           | END OF \ 1,000,                       |             | 긁       | (COL          | UMN A               | plus   | ı        |
|                            | nd undivided profits (federal Schedule L, Lines  |                                  | 10,178,1              |                           | -924,                                 |             |         | co            | LUMN E              | 3)     |          |
|                            |  |                                  | 20/2/0/2              | 00                        |                                       |             | 00      | DIVI          | DED B               | Y 2    | - 1      |
| •                          | Lines 1, 2, and 3). Enter average in Column (  |                                  | 11,178,1              |                           | 75,                                   |             |         | 5.62          | 26,6                | 29     | 00       |
| 5. Holdings                | of stock of private corporations (attach schedu  |                                  |                       | 00                        |                                       |             | 00      |               |                     |        | 00       |
|                            | age in Column C<br>(Subtract Line 5, Column C, from Line 4                                       | I, Column C. Enter here          | and on Schedule E     | , Line 1.                 | .)                                    |             | . 1     | 5,62          | 26,6                | 29     | 00       |
| SCHEDU                     | LEF - TAXES  |                                  |                       |                           | COLUMN                                | I A         |         | co            | LUMN                | В      |          |
| 1. Payroll                 |  |                                  |                       |                           | ****                                  |             | 00      |               |                     |        |          |
| 2. Real pro                | perty  | <del> </del>                     | ·                     |                           | ·                                     |             | 00      |               |                     |        |          |
| <ol><li>Personal</li></ol> |  |                                  |                       |                           |                                       |             | 00      |               |                     |        | _        |
| 4. Sales an                |  |                                  |                       |                           | · · · · · · · · · · · · · · · · · · · |             | 00      |               |                     |        |          |
|                            | ee instructions)   |                                  | I A E I I             |                           |                                       |             | 00      |               |                     | —т     | $\dashv$ |
|                            | cut corporation business (Deducted in to<br>r measured by income or profits impose               |                                  |                       |                           |                                       |             |         |               |                     |        | 00       |
|                            | d in the computation of federal taxable  |                                  |                       |                           |                                       |             |         |               |                     | - 1    | 00       |
|                            | illowable deduction for corporation business   |                                  | DOLL                  |                           |                                       |             |         |               |                     |        | <u> </u> |
|                            | e 6 and Line 7, Column B. Enter here ar  |                                  | .)                    |                           |                                       |             |         |               |                     | - 1.   | 00       |
|                            | EG -ADDITIONAL REQUIF  |                                  |                       | chedul                    | e of Officers                         | <del></del> |         |               |                     |        |          |
|                            | Connecticut town(s) does the corporation   |                                  |                       |                           |                                       | rform s     | ervic   | es?           |                     |        | $\neg$   |
| WILT                       | ON, CT AND RIDGEFIE  | LD, CT                           | ·                     | ·<br>                     |                                       |             | _       |               |                     |        | _        |
| 2. (a) Did th              | ils corporation directly or indirectly transfer a c  | ontrolling Interest in an entity | owning Connecticut    | real prope                | rty?                                  | <b>&gt;</b> |         | Yes           |                     | No     | _        |
| If "Yes,"                  | enter: Transferee Name   |                                  | Federal               | Employe                   | er ID Number 🕨                        |             |         |               |                     |        |          |
| <b>(</b> b) Was            | there a direct or indirect transfer of a controllin  | g interest in your company ov    | vning Connecticut rea | al property               | a                                     | •           |         | Yes           | X                   | No     |          |
| •                          | enter: Transferor Name   |                                  |                       |                           | er ID Number 🕨                        | · -         |         |               |                     |        | _        |
| -                          | corporation at any time during the year of   | own a majority of the voti       | =                     | •                         |                                       | •           |         | Yes           | ► X                 | No     |          |
| ,                          | enter: Corporation Name  | -,-,                             |                       | Employe                   | er ID Number                          |             |         |               |                     |        |          |
|                            | able year this corporation was audited by  | m . m                            |                       |                           |                                       |             |         |               |                     |        | }        |
|                            | justments reported to Connecticut?   |                                  | (If "No," attach exp  |                           | <del></del>                           |             |         |               | ·                   |        | $\dashv$ |
| DECLARATIO                 | N: I declare under penalty of law that I have e<br>it is true, complete, and correct. I understa |                                  |                       |                           |                                       |             |         |               |                     |        | elief    |
|                            | not more than five years, or both. The dec   | laration of a paid preparer of   | ner than the taxpayer | is based o                | on all information o                  | f which t   | the pre | eparer has    | any kno             | wledge | е.       |
|                            | Signature of Corporate Officer   | Title                            |                       | Date                      | <del></del>                           | N           | lay DF  | RS contact    | the prep            | oarer  | $\neg$   |
| SIGN HERE                  |  |                                  |                       |                           | ·                                     | - 1         |         | below abo     |                     |        |          |
| Кеер а сору                | Paid Preparer's Signature  |                                  |                       | Telepho                   | one Number                            |             | X       | Yes           | ☐ No                | 0      | 1        |
| of this                    |  |                                  |                       | L                         |                                       |             | (Se     | e instruction | ons, Pag            | e 17)  |          |
| return for                 | Firm's Name and Address  |                                  |                       | Date                      |                                       |             |         | er's SSN o    |                     |        |          |
| your records               | JEFFERSON, URIAN,  | DOANE & STERI                    | NER, P.A.             |                           | 25/06                                 |             | P00     | 3191          | 04                  |        | _        |
|                            | PO BOX 477   | 070 0477                         |                       | FEIN                      | 0010001                               |             |         | one Numb      |                     | _      | Į        |
|                            | OCEAN VIEW, DE 19  | 970-0477                         | İ                     | ין א                      | 0212284                               | 1.3         | 11)J    | - 200         |                     | .,     | ı        |

COLUMN B

Remaining Loss

Available for 2004

CONNECTICUT TAX REGISTRATION NUMBER

**COLUMN A** 

Loss Applied to

Income Year 2003

# **Department of Revenue Services State of Connecticut**

EMC CAPITAL CORP

Connecticut

Apportioned

Income (Loss)

SCHEDULE H - Connecticut Apportioned Operating Loss Carryover

Loss Applied

to Income

Year 2000

Loss Applied to Income Year 1999

2003

(Rev. 12/03)

Corporation Name

1998

122

# Form CT-1120 ATT Corporation Business Tax Return Attachment Schedules H, I, and J

- See Instructions on Reverse -

Loss Applied

to Income

Year 2002

Loss Applied

to Income

Year 2001

| 2.          | 1999   |                                       |                |                   |      |                              |  |             |             |                                     |             |
|-------------|--|---------------------------------------|----------------|-------------------|------|------------------------------|--|-------------|-------------|-------------------------------------|-------------|
| 3.          | 2000   |                                       |                |                   |      |                              | ······································ |             |             |                                     | $\prod$     |
| 4.          | 2001   |                                       | <del>-</del> - |                   |      |                              |  | _           |             | <u> </u>                            | $  \cdot  $ |
| 5.          | 2002   |                                       | <del> </del>   |                   |      |                              |  |             |             |                                     |             |
| 6.          | TOTAL (Add Lines 1 through 5 in Colum<br>Enter the amount from Line 6, Column A  |                                       | _              |                   |      | and enter here.              |  | 00          | <b>•</b>    |                                     | 00          |
| s           | CHEDULE I - Dividend Deducti   |                                       |                |                   |      |                              |  |             | <del></del> |                                     | است         |
|             |  | COLUMN A                              |                | COLUMN            | В    | COLUMN C                     | COLUN                                  | IN D        |             | COLUMN E                            |             |
|             |  | Amount                                |                | Deduction<br>Rate | 1    | Balance<br>(Col. A x Col. B) | Related Exp<br>(attach sch             |             | 1           | Dividend Deduct<br>(Col. C - Col. D | 1           |
| 1.          | Dividend Income included in Computation of Federal Taxable Income (Form CT-1120 Schedule D, Line 1). See Instructions. | ), ÷<br>▶ 12,044                      | 00             |                   |      |                              |  |             |             |                                     |             |
| 2.          | Dividends from domestic corporations less than 20% owned.  | <b>&gt;</b>                           | 00             | 70% (.70)         |      | e .                          | <b>•</b>                               |             | 00          |                                     | 00          |
| 3.          | Dividend Balance (Subtract Line 2 from Line 1).  | 12,044                                | 00             |                   |      | 12,044                       | •                                      |             | 00          | 12,044                              | 00          |
| 4.          | TOTAL DIVIDEND DEDUCTION (Add  |                                       |                |                   |      |                              | <u> </u>                               | ·····       | 150         |                                     | Ħ           |
|             | Enter the result here and on Form CT   | -1120, Schedule D, I                  | ine            | 8)                |      |                              |  | <del></del> |             | 12,044                              | 00          |
| S           | CHEDULE J - Bonus Depreciat  | ion Recovery                          |                |                   |      |                              |  |             |             |                                     |             |
|             | Assets Subject to I.R.C. §168(k)   | COL                                   | UMN            | I A               | Ι    | COLUM                        | INB                                    |             |             | COLUMN C                            |             |
|             | Placed in Service  | 2003 MACRS                            | Depr           | eclation on       |      | 2003 MACRS Dep               | oreciation on                          | 2003        | Reco        | very of I.R.C. §168(                | (k)         |
|             | <b>During Income Year</b>  | Federa                                | al Ba          | sis               |      | Connecticut                  | Basis                                  |             | Bonu        | s Depreciation                      | .           |
|             |  | (After I.R.C.                         | 168            | (k) Bonus)        | 1    | (Without I.R.C. §16          | 68(k) Bonus)                           |             | (C          | of. B - Col. A)                     | ,_          |
| 1.          | 2000   |                                       |                |                   |      |                              |  |             |             |                                     | 00          |
| 2.          | 2001   |                                       |                |                   |      |                              |  |             |             |                                     | 00          |
| 3.          | 2002   |                                       |                |                   |      |                              |  |             |             |                                     | 00          |
| 4.          | 2003   |                                       |                |                   |      |                              |  |             |             |                                     | 00          |
| <del></del> | FEDERAL BONUS DEPRECIATION I   | · · · · · · · · · · · · · · · · · · · |                |                   | in ( | Column C.                    |  |             |             |                                     | 00          |

| î<br>Forti         | ,<br>10                              | 65   |  | U.S.  | Retu                      | rn of Pa                                  | rtner      | ship l      | ncom           | е .                               |  | OMB No. 1545-0099                 |           |
|--------------------|--------------------------------------|--|--|---|---------------------------|---|------------|-------------|----------------|-----------------------------------|--|-----------------------------------|-----------|
| Depa               | artment o                            | of the Treasury  | For calen                                | dar year 2000, or t                               |                           | ginning 2/                                |            |             | ng <u>12</u> / | <u>/31, 200</u>                   | Q  | 2000                              |           |
| A<br>CO<br>B<br>PE | Principa NSU] Principa TRO] Busines: | Use the IRS ULTING IRS Iabel. Otherwise, print or type.  |  |   |                           |   |            |             |                | 73<br>E 0<br>2                    | mployer Identification number $-1418240$ late business started $/11/2000$ otal assets (see page 13 f the instructions) | :r                                |           |
| н                  | Check<br>Check                       | applicable boxes:<br>accounting methoder of Schedules K-1  | d: (1) 🔲                                 |   | (2)                       | Final return Accrual                      | of any fim |             | Other (sp      |                                   | (4)<br>2   | 564,413 Amended return            | -<br>-    |
|                    |                                      | nclude only trade  |  |   |                           |   |            |             |                |                                   |  | ation.                            | _         |
|                    | 1a                                   | Gross receipts or<br>Less returns and  | sales                                    |   |                           |   |            | 1a          |                | 17,198                            | 1c   | 17,198                            |           |
| -XCOME             | 2<br>3<br>4<br>5<br>6                | Cost of goods sold<br>Gross profit. Subt<br>Ordinary income (<br>Net farm profit (los<br>Net gain (loss) fro | ract line 2<br>loss) from<br>ss) (attach | from line 1c<br>other partnerst<br>Schedule F (Fe | hips, esta<br>orm 1040    | ates and trusts                           | (attach s  | chedule)    |                |                                   | 3<br>4<br>5  | 17,198                            |           |
|                    | 7                                    | Other income (los  |  | •   |                           |   |            |             |                |                                   |  | 17,198                            |           |
| <b>プロロ</b><br>     | 1                                    | Salaries and wage<br>Guaranteed paym<br>Repairs and main!<br>Bad debts<br>Rent<br>Taxes and license          | ents to par<br>tenance                   | rtners  |                           |   |            |             |                |                                   | 10<br>11<br>12<br>13   | 172,277<br>55,711<br>12,333       |           |
| -020 FOR           | 15<br>16a<br>b                       | Interest Depreciation (if red Less depreciation Depletion (Do not  | quired, atta                             | ach Form 4562)<br>n Schedule A a                  | <br>)<br>and elsew        | here on retum                             |            | 16a         |                |                                   | 15<br>16c  |                                   | _         |
| 1-2-hah-           | 19                                   | Retirement plans,<br>Employee benefit<br>Other deductions (  | programs.                                |   | •••••                     | • • • • • • • • • • •                     |            |             |                |                                   | 19   | 6,247                             | _         |
| -0Z0               | 1                                    | Total deductions.  |  |   |                           | Y -                                       | •          |             |                |                                   |  | 363,687                           | _         |
| igr                | 1                                    | Under penalties of pilt is true, correct, and has any knowledge.   | erjury, I decla<br>I complete. D         | are that I have exar                              | mined this rarer (other t | etum, including ac<br>than general partne | companyin  | schedules a | and statemen   | ts, and to the bes                | at of my kno   | -346,489                          |           |
| •                  | arer's<br>Only                       | Preparer's signature  Firm's name (or your if self-employed), address, and ZIP cod                           | s CI                                     | HARLES F  | . CUI                     | RCIO, CP                                  |            | <del></del> |                | eck if f-employed  EIN  Phone no. |  | oarer's SSN or PTIN               | _         |
| τP                 | aperw                                | ork Reduction Ac   |  | ETHANY B  |                           |   | 30-0       | 700         |                | 1 (4                              | 10) 8  | 93-2768<br>Form <b>1065</b> (2000 | <u>5)</u> |

Form 1065 (2000)

PF0US1A 11/29/00

| S            | tredule A Cost of Goods Sold (see page 17 of the instructions)  |           |  |                    |               |        |
|--------------|---|-----------|--|--------------------|---------------|--------|
|              |   | <u> </u>  |  | <del></del>        |               | $\neg$ |
| 1            | Inventory at beginning of year  | 1         | <u> </u>                                     |                    |               |        |
| 2            | Purchases less cost of items withdrawn for personal use   | 2         |  |                    |               |        |
| 3            | Cost of labor   | 3         | <u>                                     </u> |                    |               |        |
| 4            | Additional section 263A costs (attach schedule)   | 4         |  |                    |               |        |
| 5            | Other costs (attach schedule)   | _5        |  |                    |               |        |
| 6            | Total. Add lines 1 through 5  | 6         |  |                    |               |        |
| 7            | Inventory at end of year  | 7         |  |                    |               | ^      |
| 8            | Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2   | 8         |  |                    |               |        |
| 9a           | Check all methods used for valuing closing inventory:   |           |  |                    |               |        |
|              | (i) Cost as described in Regulations section 1.471-3  |           |  |                    |               |        |
|              | (ii) Lower of cost or market as described in Regulations section 1.471-4  |           |  |                    |               |        |
|              | (iii) ☐ Other (specify method used and attach explanation) ▶  |           |  |                    |               |        |
| b            | Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c)   |           |  |                    | ▶             | П      |
| C            | Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)   |           |  | · · · <u>· ·</u> · |               | Ш      |
| d            | Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership?   |           |  | □                  | Yes           | ۱ 🏻    |
| e            | Was there any change in determining quantities, cost, or valuations between opening and closing inventory?  |           |  | □                  | Yes           | ЦN     |
|              | If "Yes," attach explanation.   |           |  |                    |               |        |
| C i          | nedule B. Other Information   |           |  |                    |               |        |
| 1            | What type of entity is filing this return? Check the applicable box:  |           |  | TY                 | es            | No     |
| а            | Domestic general partnership b Domestic limited partnership   |           |  |                    |               |        |
| c            | Domestic limited liability company Foreign partnership  d Domestic limited liability partnership Other  |           | <del></del>                                  |                    |               |        |
| 2            | Are any partners in this partnership also partnerships?   |           |  |                    |               | X      |
| 3            | During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If yes, so for required attachment   | e insi    | tructions                                    |                    |               | х      |
| 4            | Is this partnership subject to the consolidated audit procedures of sections 6221 through 6233? If "Yes," see  Designation of Tax Matters Partner below   |           |  |                    |               | X      |
| `5<br>a      | Does this partnership meet all three of the following requirements? The partnership's total receipts for the tax year were less than \$250,000;   | •         |  |                    |               |        |
| b            | The partnership's total assets at the end of the tax year were less than \$600,000; and   |           |  |                    |               |        |
| C            | Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions for the partnership return,   |           | ć  |                    |               |        |
|              | If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item J on Schedule K-1   |           | ·  |                    |               | X      |
| 6            | Does this partnership have any foreign partners?  |           |  |                    | $\neg \Gamma$ | X      |
| 7            | Is this partnership a publicly traded partnership as defined in section 469(k)(2)?  | • • • • • |  |                    | $\neg$        | X      |
| 8            | Has this partnership filed, or is it required to file, Form 8264, Application for Registration of a Tax Shelter?  |           |  |                    |               | X      |
| ^            |   |           |  |                    |               |        |
| 9            | At any time during calendar year 2000, did the partnership have an interest in or a signature or other authority over a<br>account in a foreign country (such as a bank account, securities account, or other financial account)? See page instructions for exceptions and filing requirements for Form TD 90-22.1. If "Yes," enter the name of the foreign count | 19 of t   |  |                    |               |        |
|              |   |           |  |                    |               | X      |
|              | During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign If "Yes," the partnership may have to file Form 3520. See page 19 of the instructions   |           |  |                    |               | X      |
| 1            | Was there a distribution of property or a transfer (e.g., by sale or death) of a partnership interest during the tax year? you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement describ   | ed und    | der  |                    |               |        |
|              | Elections Made By the Partnership on page 7 of the instructions   | • • • • • | · • • • • • • •                              |                    | 1000 2007     | X      |
|              | Enter the number of Forms 8865 attached to this return  |           |  | 165                |               |        |
|              | gnation of Tax Matters Partner (see page 19 of the instructions) below the general partner designated as the tax matters partner (TMP) for the tax year of this return:   |           |  |                    |               |        |
|              |   |           |  |                    |               |        |
| ame<br>esigi | of Identifying number of TMP  |           |  |                    | ·-            |        |
| ddre         | ss of   |           |  |                    |               |        |
|              | ated TMP  |           |  | ·                  |               |        |

| 82725-12   |      | (a) Distributive share items   | 1         | (b) Total amount                       |          |
|------------|------|--|-----------|--|----------|
|            | 1    | Ordinary income (loss) from trade or business activities (page 1, line 22)                         | 1         | -346,489                               | T        |
|            | 2    | Net income (loss) from rental real estate activities (attach Form 8825)                            |           | 340/103                                | +        |
|            | l .  |  | eliminion |  | +        |
|            | 3a   |  |           |  | 1        |
|            | b    | <u> </u>   |           |  |          |
|            | l º  |  |           | <del></del>                            | +-       |
|            | 4    | Portfolio income (loss):a Interest income  |           |  | +-       |
| Income     | b    | •  |           | ······································ | -        |
| (Loss)     | C    |  |           |  | ╀-       |
|            | d    | Net short-term capital gain (loss) (attach Schedule D (Form 1065))                                 |           |  | 4-       |
|            | e    |  |           |  |          |
|            | 1    | (1) 28% rate gain (loss) (2) Total for year  |           |  | ↓_       |
|            | f    | Other portfolio income (loss) (attach schedule)  |           |  | 1_       |
|            | 5    | Guaranteed payments to partners  |           |  | 1_       |
|            | 6    | Net section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797)              | 6         |  |          |
|            | 7    | Other income (loss) (attach schedule)  | 7         |  |          |
|            | 8    | Charitable contributions (attach schedule)   | 8         |  | <u> </u> |
| Deduc-     | 9    | Section 179 expense deduction (attach Form 4562)   | 9         |  | 丄        |
| tions      | 10   | Deductions related to portfolio income (itemize)   | 10        |  | <u> </u> |
|            | 11   | Other deductions (attach schedule)   | 11        | 42,750                                 |          |
|            | 12 a | Low-income housing credit:   |           |  |          |
|            | ł    | (1) From partnerships to which section 42(j)(5) applies for property placed in service before 1990 | 12a(1)    |  | L.       |
|            |      | (2) Other than on line 12a(1) for property placed in service before 1990                           | 12a(2)    |  |          |
|            |      | (3) From partnerships to which section 42(j)(5) applies for property placed in service after 1989  | 12a(3)    |  |          |
| Credits    |      | (4) Other than on line 12a(3) for property placed in service after 1989                            | 12a(4)    |  |          |
|            | ь    | Qualified rehabilitation expenditures related to rental real estate activities (attach schedule)   | 12b       |  | Π        |
|            | С    | Credits (other than credits on lines 12a & 12b) related to rental real estate activities           | 12c       |  | Τ        |
|            | d    | Credits related to other rental activities   | 12d       |  |          |
|            | 13   | Other credits  | 13        |  |          |
| Invest-    | 14a  | Interest expense on investment debts   | 14a       |  |          |
| ment       | b    | (1) Investment income included on lines 4a, 4b, 4c, and 4f above                                   | 14b(1)    |  |          |
| Interest   |      | (2) Investment expenses included on line 10 above  | 14b(2)    |  |          |
| Self-      | 15 a | Net earnings (loss) from self-employment   | 15a       |  |          |
| Employ-    | b    | Gross farming or fishing income  | 15b       |  |          |
| ment       | С    | Gross nonfarm income   | 15c       |  |          |
| Adjust-    | 16 a | Depreciation adjustment on property placed in service after 1986                                   | 16a       |  |          |
| ments      | b    | Adjusted gain or loss  | 16b       |  | L        |
| and<br>Tax |      | Depletion (other than oil and gas)   | 16c       |  |          |
| Pref-      |      | (1) Gross income from oil, gas, and geothermal properties  |           |  | L        |
| erence     | •    | (2) Deductions allocable to oil, gas, and geothermal properties                                    | 16d(2)    |  | L        |
| Items      | e    | Other adjustments and tax preference items (attach schedule)                                       | 16e       |  |          |
| - 1        | 17 a | Name of foreign country or U.S possession ►  | 制料器       |  |          |
| j          |      | Gross income sourced at partner level  | 17b       |  |          |
|            | C    | Foreign gross income sourced at partnership level:   |           |  |          |
| - [        |      | (1)Passive (2)Listed categories (3) General limitation   |           |  |          |
| Foreign    | ď    |  |           | • •                                    |          |
| Taxes      |      | (1)1110100101010101  | 17d(2)    |  |          |
|            | e    |  |           |  |          |
|            |      | (1)Passive (2)Listed categories (3) General limitation   |           |  | Ŀ        |
| - 1        | _ f  | Total foreign taxes (check one): ▶Paid ☐ Accrued ☐   | 17f       |  |          |
|            | g    | Reduction in taxes available for credit and gross income from all sources                          | 17g       |  | ļ        |
| - 1        | 18   | Section 59(e)(2) expenditures: a Type b Amount b   | 18b       |  |          |
|            |      | Tax-exempt interest income   | 19        |  |          |
| Other      |      | Other tax-exempt income  | 20        | 1 000                                  |          |
|            |      | Nondeductible expenses   | 21        | 1,068                                  |          |
| 1          |      | Distributions of money (cash and marketable securities)  | 22        |  |          |
|            |      | Distributions of property other than money   | 23        |  | er:      |
| l l        | 24   | Other items and amounts required to be reported separately to partners (attach schedule)           |           |  |          |

Add lines 1 through 4.

9 Balance at end of year. Subtract line 8 from line 5

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|                | EDUL                  | E K-1                 | Pai                 | rtner's Share of Inc                  | ome       | Credite  | . De       | eductions etc                     |               | . OMB No. 1545-0099   |
|----------------|-----------------------|-----------------------|---------------------|---------------------------------------|-----------|--|------------|-----------------------------------|---------------|---|
|                | 1 1065)<br>ment of th | a Treasury            | }                   |                                       |           |  | -          |                                   |               | 2000  |
| Internal       | Revenue               | e Treasury<br>Service |                     | endar year 2000 or tax year beginning | 2         |  |            | nd ending $12/31$                 | 200           | 00 [  |
|                |                       |                       | mber <b>≯</b> 13−41 | 104912                                |           | <del></del>  |            | entifying number ►73              |               | 18240   |
|                |                       |                       | and ZIP code        |                                       |           |  |            | ne, address, and ZIP co           |               |   |
|                |                       |                       | NT HOLDI            |                                       |           | 1  |            | TECHNOLOGIES                      |               |   |
|                |                       |                       | •                   | 33 FLOOR                              |           | )  |            | BOSTON, ST                        |               | 31  |
| NEW            | YOR                   | K, NY                 | 10022               |                                       | TULSA,    | OK   | 74103-3718 | }                                 |               |   |
|                |                       |                       |                     |                                       |           | İ  |            |                                   |               |   |
|                |                       |                       |                     |                                       |           |  |            |                                   |               |   |
| A Th           | nis partn             | erisa 🗌 g             | general partner     | ☐ limited partner ☒ LLC me            | mber      |  |            |                                   |               |   |
|                |                       |                       |                     | CORPORATION                           |           |  |            | ecourse financing                 |               |   |
|                |                       |                       |                     | foreign partner?                      |           |  |            |                                   |               |   |
| <b>D</b> En    | iter parti            | ner's percer          | ntage of: (i) Bef   | fore change (ii) End of mination year |           | G Tax shel   | lter reg   | gistration number 🕨               |               | ·   |
| Pr             | ofit shar             | ing                   |                     | 100%                                  |           | H Check h  | ere if t   | his partnership is a pub          | icly tra      | aded partnership  |
| Lo             | ss shari              | ng                    |                     | 100% 1                                | 00%       | as define  | ed in s    | ection 469(k)(2)                  |               |   |
| Ov             | vnership              | of capital.           |                     | 80%                                   | 30%       |  |            | ·                                 |               |   |
| E IR           | S Cente               | r where par           | tnership filed ret  | tum: AUSTIN                           |           | 1 Check a  | pplicat    | ole boxes: (1) 🔲 Fir              | al K-1        | (2) Amended K-1   |
| J An           | alysis d              | of partner's          | capital accour      | nt:                                   |           |  |            | ·                                 |               |   |
|                |                       | Capital accou         |                     | (b) Capital contributed during year   |           | ) Partner's share<br>3, 4, and 7, Form<br>Schedule M-2 |            | (d) Withdrawals and distributions |               | (e) Capital account at end of<br>year (combine columns (a)<br>through (d) |
| <del></del>    |                       | 0                     |                     | 100,000                               |           | -390,30  | 7          | <del></del>                       | 1             | -290,307  |
|                |                       |                       | (a) Di              | stributive share Item                 | <u></u>   |  |            | (b) Amount                        | 1             | (c) 1040 filers enter on:   |
| ····           | 1                     | Ordinary i            |                     | om trade or business activities       |           |  | 1          | -346,489                          |               |   |
|                | 2                     |                       |                     | ntal real estate activities           |           |  | 2          |                                   | 7 <b>5</b> Se | ee Partner's<br>structions for Schedule K-1                               |
|                | 3                     |                       |                     | her rental activities                 |           |  | 3          |                                   | 7 <b>5</b> (F | form 1065).   |
|                | 4                     |                       | ncome (loss):       |                                       |           |  |            |                                   | 1             | ·   |
|                | a                     |                       | , ,                 |                                       |           |  | 4a         |                                   | S             | ch. B, Part I, line 1   |
| ncome          | ь                     |                       |                     |                                       |           |  | 4b         |                                   | S             | ch. B, Part II, line 5  |
| (Loss)         | d                     |                       |                     | n (loss)                              |           |  | 4d         |                                   | S             | ch. D, line 5, col. (f)   |
|                | e                     |                       | em capital gain     |                                       |           |  |            |                                   | 1             |   |
|                |                       |                       |                     |                                       |           |  | e(1)       |                                   | S             | ch. D, line 12, col. (g)  |
|                |                       |                       |                     |                                       |           | 1  | e(2)       |                                   | S             | ch. D, line 12, col. (f)  |
|                | 5                     |                       |                     | partner                               |           |  | 5          |                                   | ٦ ،           | ee Partner's Instructions   |
| ·              | 6                     |                       |                     | ion 1231 (other than due to ca        |           |  | 6          |                                   |               | Schedule K-1 (Form 1065).   |
|                | 7                     | Other inco            | me (loss) (attac    | h schedule)                           | , ,       |  | 7          |                                   | ] En          | nter on applicable line of your return.                                   |
|                | 8                     |                       |                     | ee instructions)                      |           |  | 8          |                                   | So            | ch. A, line 15 or 16  |
|                | 9                     | Section 17            | 9 expense dedu      | uction                                |           |  | 9          |                                   | 1             |   |
| ductions       | 10                    | Deductions            | s related to porti  | folio income                          |           | <i></i>  | 10         |                                   |               | e Partner's<br>structions for Schedule K-1                                |
|                | 11                    |                       |                     | schedule)SE                           |           |  | 11         | 42,750                            |               | orm 1065).  |
| redits         | 13                    |                       |                     |                                       |           |  | 13         |                                   | Se            | e Ptr's instr, Sch K-1 (Form 1065)  |
|                | 14                    | Interest ex           | pense on invest     | ment debts                            |           |  | 14a        |                                   | Fo            | rm 4952, line 1   |
| nvest-<br>ment | ь                     | (1) Investm           | nent income incl    | luded on lines 4a and 4b above        | <b></b> . | <i></i> [  | b(1)       |                                   |               | a Partner's   |
| ntenest        |                       | (2) Investm           | nent expenses ir    | ncluded on line 10 above              |           |  | b(2)       |                                   |               | tructions for Schedule K-1<br>rm 1065).                                   |
|                | 15 a                  |                       |                     | elf-employment                        |           |  | 15a        |                                   | Sc            | h. SE, Section A or B   |
| Self-          | . b                   | Gross farm            | ning or fishing in  | come                                  |           | <b>.</b> [   | 15b        |                                   |               | e Partner's   |
| loyment        | С                     | Gross nont            | farm income         | <u> </u>                              |           |  | 15c        |                                   |               | tructions for Schedule K-1<br>rm 1065).                                   |
|                | 16 a                  | Depreciation          | on adjustment or    | n property placed in service af       | ter 198   | 36   | 16a        |                                   |               | Deshada lastafas Cata V 4   |
| stments        | b                     | Adjusted g            | ain or loss         |                                       |           | [  | 16b        |                                   | 🕽 (For        | Partner's Instrifor Sch K-1<br>rm 1065) and instructions                  |
| f. Items       | е                     | Other adjus           | stments & tax pr    | reference items                       |           |  | 16e        |                                   | for I         | Form 6251.  |
|                | 19                    |                       |                     | e                                     |           |  | 19         |                                   |               | m 1040, line 8b   |
| Other          | 21                    | Nondeduct             | ible expenses .     |                                       |           | [  | 21         | 1,068                             |               | Partner's Instructions<br>Schedule K-1 (Form 1065.)                       |
| }              | 22                    | Distribution          | ns of money (cas    | sh and marketable securities)         | <u></u>   | <u></u>  | 22         |                                   | ,             |   |
|                | 25                    | Supplemen             | ntal information r  | required to be reported separa        | tely to   | each partner:  |            |                                   |               |   |
|                | NE 11                 |                       |                     |                                       |           |  |            |                                   |               |   |
| OT             | HER [                 | DEDUCTI               | ONS                 | •                                     |           |  |            |                                   |               | •   |
|                |                       |                       |                     |                                       |           |  |            |                                   |               |   |
| מתי            | у цо                  | LE - I                | EDC!S               | •                                     |           |  |            |                                   | S             | 42,750  |
| ייים           | 110                   | ال نايد،              |                     |                                       | • • • •   |  |            | TOTA                              | L Š           |   |

| Department of the Treasury |             |   | artner's Share of Income, Credits, Deductions, etc.     |                |                                       | OMB No. 1545-0099   |   |  |  |  |
|----------------------------|-------------|---|---|----------------|---------------------------------------|---|---|--|--|--|
|                            |             |   | landa-was 2000 anto-was hari-sla                        | peginning 2/11 |                                       |   |   | 2000                                   |  |  |
|                            |             |   |   |                |                                       |   |   |  |  |  |
|                            |             | e, address, and ZIP code                          | 12 0020   |                |                                       | Partnership's identifying number ▶73-1418240  Partnership's name, address, and ZIP code |   |  |  |  |
| HEN                        | RY J        | BROLICK   |   |                | WILLIA                                | MS  | TECHNOLOGIES                                | S LLC                                  |  |  |
|                            |             | ST 103RD PLACE                                    | E   |                | F .                                   |   | H BOSTON, STE                               |  |  |  |
| TUL                        | SA,         | OK 74137  |   |                | TULSA,                                | OK  | 74103-3718                                  | 3                                      |  |  |
|                            |             |   |   |                |                                       |   |   |  |  |  |
| A TI                       | oio parto   | aria a U socaral partner                          | ☐ limited partner ☑ LLC me                              | mbos           | E Portnaria                           | char  | a of liabilities: Managagu                  | ·                                      |  |  |
|                            |             | of entity is this partner?                        |   | illoei         |                                       |   |   |  |  |  |
|                            |             | nera 🛛 domestic ora                               |   |                |                                       | Qualified nonrecourse financing   |   |  |  |  |
|                            |             | ner's percentage of: (I) Bell or te               |   |                |                                       |   | gistration number                           |  |  |  |
|                            |             | ing   |   | 0%             | 1                                     |   |   |  |  |  |
|                            |             | ng  |   | 0%             | H Uneck ne                            | rent<br>din s   | this partnership is a publication 469(k)(2) | licly trad                             | ed partnership                                     |  |
| Ο.                         | wnershin    | of capital  | <del></del>   | 20%            | <b>a a a a a a a a a a</b>            |   |   | • • • • • •                            |  |  |
|                            |             | r where partnership filed re                      |   |                | I Check ap                            | plicat  | ble boxes: (1) G Fin                        | al K-1                                 | (2) Amended K-1                                    |  |
|                            |             | of partner's capital accou                        |   |                | <del></del>                           |   |   |  |  |  |
|                            | (a)         | Capital account at                                | (0  |                | Partner's share of                    |   | (d) Withdrawals and                         |  | Capital account at end of ear (combine columns (a) |  |
| <u> </u>                   | b           | eginning of year                                  | during year   |                | Schedule M-2                          |   | distributions                               | <u> </u>                               | through (d)  |  |
|                            |             | 0   | 25,000  | <u> </u>       |                                       |   |   | <del> </del>                           | 25,000   |  |
|                            | <del></del> | · · · · · · · · · · · · · · · · · · ·             | istributive share item                                  |                | <del></del>                           |   | (b) Amount                                  | (c                                     | 1040 filers enter on:                              |  |
|                            | 1           |   | om trade or business' activities                        |                | r                                     | 1   |   | -{}} <sub>See P</sub>                  | Partner's<br>ructions for Schedule K-1<br>m 1065). |  |
|                            | 2           |   | ntal real estate activities                             |                | r                                     |   |   | Instr                                  |  |  |
|                            | 3           | ` '   | her rental activities                                   |                |                                       | 3<br>1002   |   | -\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ |  |  |
|                            | 4           | Portfolio income (loss):                          | •   |                | F                                     | 4a  |   | Cab                                    | D. Dart I. Bond                                    |  |
|                            | a           | •   | •                 |                | ۲                                     | 4 <del>4</del><br>4b  | <b> </b>                                    | 7                                      | . B, Part I, line 1<br>. B, Part II, line 5        |  |
| .oss)                      | d           |   | rdinary dividendset short-term capital gain (loss)      |                |                                       | 4d  | <del> </del>                                | 4                                      | . D, line 5, col. (f)                              |  |
| ,                          | !           | Net long-term capital gain                        |   |                |                                       | 74  |   | 1 50.                                  | . D, mie D, coi. (t)                               |  |
|                            |             |   | · · · · · · · · · · · · · · · · · · ·                   |                | 1.                                    | e(1)  |   | Sch                                    | D, line 12, col. (g)                               |  |
|                            | l           |   |   |                |                                       |   | <del> </del>                                | 1                                      | D, line 12, col. (f)                               |  |
|                            | 5           |   | partner   |                |                                       |   |   | 1.                                     | • •  |  |
|                            | 6           |   | ion 1231 (other than due to ca                          |                | _                                     | 6   | ė.  |  | Partner's Instructions<br>chedule K-1 (Form 1065). |  |
|                            | 7           | - · ·   | ch schedule)  | -              | · -                                   | 7   |   | 1<br>Enter                             | on applicable line of your return.                 |  |
|                            | 8           |   | see instructions)                                       |                |                                       | 8   |   | <del></del>                            | A, line 15 or 16                                   |  |
|                            | 9           | Section 179 expense dedu                          | uction  |                | [                                     | 9   |   | 1                                      |  |  |
| ıctions                    | 10          | Deductions related to port                        | folio income  |                | . <i></i> [                           | 10  |   |  | artner's<br>ctions for Schedule K-1                |  |
|                            | 11          |   |   |                |                                       | 11  |   |  | 1065).   |  |
| edits                      | 13          |   | · · · · · · · · · · · · · · · · · · ·                   |                |                                       | 13  | ,   | See F                                  | tr's instr, Sch K-1 (Form 1065)                    |  |
| /est-                      | 14          |   | tment debts   |                |                                       | 14a   |   | Form                                   | 4952, line 1                                       |  |
| ent                        | b           | (1) Investment income inc                         | luded on lines 4a and 4b abov                           | е              |                                       | b(1)  |   |  | artner's<br>tions for Schedule K-1                 |  |
| erest                      |             | (2) Investment expenses included on line 10 above |   |                | 1                                     | b(2)  |   |  | 1065).   |  |
|                            | L           | 15 a Net earnings (loss) from self-employment     |   |                | · · · · · · · · · · · · · · · · · · · | 15a   |   | _                                      | SE, Section A or B                                 |  |
| elf-<br>cyment             |             |   | ming or fishing income                                  |                |                                       | 15b   |   |  | artner's<br>tions for Schedule K-1                 |  |
|                            | С           |   | · · · · · · · · · · · · · · · · · · ·                   |                |                                       | 15c   |   | (Form                                  |  |  |
| iments<br>Tax<br>Items     |             | •   | ion adjustment on property placed in service after 1986 |                |                                       |   | artner's Instr for Sch K-1                  |  |  |  |
|                            | b           | •   | gain or loss  |                |                                       | 16b   |   | (Form                                  | 1065) and instructions<br>m 6251.                  |  |
|                            |             |   | reference Items   |                |                                       | 16e   |   |  |  |  |
| ļ                          | 19          | •   | ne  |                | }                                     | 19  |   |  | 1040, line 8b<br>artner's Instructions             |  |
| her                        | 21          | Nondeductible expenses .                          |   |                |                                       | 21  |   |  | nedule K-1 (Form 1065.)                            |  |

Schedule K-1 (Form 1065) 2000

22

Other

Distributions of money (cash and marketable securities) . . . . . . . . . Supplemental information required to be reported separately to each partner: 25

| i | 200 | O |
|---|-----|---|
| ı | ~~  | - |

### **FEDERAL STATEMENTS**

PAGE 1

WILLIAMS TECHNOLOGIES LLC

73-1418240

| STATEMENT 1        |
|--------------------|
| FORM 1065, LINE 20 |
| OTHER DEDUCTIONS   |

| DUES AND SUBSCRIPTIONS INSURANCE | \$ 3,128<br>3,107 |
|----------------------------------|-------------------|
| LEGAL AND PROFESSIONAL           | 13,934            |
| MEALS AND ENTERTAINMENT          | 1,068             |
| MISCELLANEOUS                    | 264               |
| OFFICE EXPENSE                   | 12,823            |
| OUTSIDE SERVICES                 | 40,335            |
| POSTAGE                          | 825               |
| PRINTING                         | 819               |
| TELEPHONE                        | 10,698            |
| TEMPORARY HELP                   | 12,776            |
| TRAVEL                           | 17,342            |
| TOTAL                            | \$ 117,119        |

### STATEMENT 2 FORM 1065, SCHEDULE K, LINE 11 OTHER DEDUCTIONS

| DRY HOLE - IDC'S | \$<br>42,750 |
|------------------|--------------|
| TOTAL            | \$<br>42,750 |

#### STATEMENT 3 FORM 1065, SCHEDULE L, LINE 8 OTHER INVESTMENTS

|                             | BEGINNING | ENDING     |  |
|-----------------------------|-----------|------------|--|
|                             |           |            |  |
| HORIZON NRI - CHETOPA CREEK | \$ 0      | 512,500    |  |
| TOTAL                       | \$ 0      | \$ 512,500 |  |

#### STATEMENT 4 FORM 1065, SCHEDULE L, LINE 13 OTHER ASSETS

| ·           |          | •     | BEGINNING | ENDING    |  |
|-------------|----------|-------|-----------|-----------|--|
|             |          | •     |           |           |  |
| CONTRIBUTED | GOODWILL |       | \$ 0      | 25,000    |  |
|             |          | TATOT | \$ 0      | \$ 25,000 |  |

2000 **FEDERAL STATEMENTS** PAGE 2 **WILLIAMS TECHNOLOGIES LLC** 73-1418240 **STATEMENT 5** FORM 1065, SCHEDULE L, LINE 20 OTHER LIABILITIES ENDING · BEGINNING 829,720 829,720 0 0 \$ DUE TO MEMBERS TOTAL \$

# U.S. Partnership Declaration and Signature for Electronic Filing

| 7 | N | n | 1 |
|---|---|---|---|

Department of the Treasury Internal Revenue Service

OMB No. 1545-0970

| Name of i     | Partnership   | Employer                        | identification Number   |  |  |  |  |  |
|---------------|---|---------------------------------|---|--|--|--|--|--|
| WILL          | IAMS TECHNOLOGIES LLC   | 73-14                           | 18240   |  |  |  |  |  |
|               | Partnership Return Information  |                                 |   |  |  |  |  |  |
| 1 G           | oss receipts or sales less returns and allowances (Form 1065, line 1c)  | 1                               | 12,715.   |  |  |  |  |  |
| <b>2</b> G    | oss profit (Form 1065, line 3)  | 2                               | 12,715.   |  |  |  |  |  |
| <b>3</b> O    | 3 Ordinary income (loss) from trade or business activities (Form 1065, line 22)   |                                 |   |  |  |  |  |  |
| 4 Ne          | et income (loss) from rental real estate activities (Form 1065, Schedule K, line 2)   | 4                               |   |  |  |  |  |  |
| 5 Ne          | t income (loss) from other rental activities (Form 1065, Schedule K, line 3c)   | 5                               |   |  |  |  |  |  |
|               | Transmitter Information   |                                 |   |  |  |  |  |  |
| 6 Tr          | ansmitter's Name  |                                 |   |  |  |  |  |  |
| LACER         | TE SOFTWARE CORP.   |                                 |   |  |  |  |  |  |
|               | Declaration of General Partner or Limited Liability Company Member  |                                 | •   |  |  |  |  |  |
| Sign<br>Here  | Under penalties of perjury, I declare that the above amounts (or the amounts on the attached listing) agree won the corresponding lines of the electronic portion of the 2001 U.S. Return(s) of Partnership Income of the return(s) being filed electronically with the Internal Revenue Service, and all accompanying so the best of my knowledge and belief, they are true, correct, and complete. If I am not the transmitter including this declaration and accompanying schedules and statements, be sent to the Internal Revetransmitter. I also consent to the IRS' sending the transmitter an acknowledgment of receipt of transwhether or not the return is accepted, and, if rejected, the reason(s) for the rejection. | hedules<br>r, I cons<br>nue Ser | and statements. To ent that the return(s), vice by the return |  |  |  |  |  |
|               | Signature of General Partner or Limited Liability Company Member  | <del></del>                     | Date  |  |  |  |  |  |
|               | Declaration of Paid Preparer See instructions.  |                                 |   |  |  |  |  |  |
|               | Under penalties of perjury, I declare that I have examined the above partnership return(s) and accomstatements, and to the best of my knowledge and belief, they are true, correct, and complete. Declar on all information of which the preparer has any knowledge.  | npanying<br>ation of            | schedules and<br>preparer is based                            |  |  |  |  |  |
| aid<br>repare |   |                                 | Preparer's SSN or PTIN<br>217-60-9635                         |  |  |  |  |  |
| lse Only      |   | -60-9                           |   |  |  |  |  |  |
|               | (or yours if self-employed), PO BOX 549  Phone Phone  |                                 |   |  |  |  |  |  |
|               | ZIP Code BEL AIR, MD 21014 Number 302   | 231-                            | LU12  |  |  |  |  |  |

### Form 1065

Department of the Treasury Internal Revenue Service
U.S. Return of Partnership Income

|                           |             | rite or stapl | e in this space.  |  |                            |                                   |                                 |                            |  |
|---------------------------|-------------|---------------|---|--|----------------------------|-----------------------------------|---------------------------------|----------------------------|--|
| For                       | cale        | ndar          | ear 2001, or tax year beginning   | , 2001, and ending                     |                            | 20                                | •                               |                            | OMB No.1545-0099                         |
| A                         | Princip     | al Bu         | ness Activity Use the   |  | -                          |                                   |                                 |                            | mployer Identification<br>umber          |
|                           | NSU         |               |   | CHNOLOGIES LLC                         |                            |                                   |                                 | 73-                        | 1418240                                  |
| В                         | rincip      | al Pro        | uct or Service Other- 126 EAST 56   | TH STREET, 33 FLOOR                    | R                          |                                   |                                 | Ec                         | ate Business Started                     |
| PE                        | TRO         | LEU           | wise, NEW YORK, I   | 17 10022                               |                            |                                   |                                 | 2/                         | 11/2000                                  |
| C f                       | Busine:     | ss Coo        | Number or type.   |  |                            |                                   |                                 | Fτ                         | otal Assets (see instrs)                 |
| 54                        | 1990        | 0             |   |  |                            |                                   |                                 | ] \$                       | 448,174                                  |
| G (                       | Checl       | k ap          | licable boxes: (1) Initial return (2  |  | e change                   | (4) X Ac                          | ldress chan                     | ge (5)                     | Amended return                           |
|                           |             |               | * L   |  |                            | ify) ►                            |                                 |                            |  |
|                           |             |               | Schedules K-1. Attach one for each pers   |  |                            |                                   |                                 |                            |  |
| Cau                       | tion:       | Incl          | de only trade or business income and exp  | enses on lines Ta through 22           | below. S                   | ee the inst                       | ructions                        | for more                   | information.                             |
|                           |             |               |   |  |                            |                                   |                                 |                            |  |
|                           | - 1         |               | Pross receipts or sales   | •                                      |                            | 1                                 | 2,715.                          | 7                          |  |
| 1                         | ı           | b             | ess returns and allowances  |  | 1 b                        |                                   | ···                             | 1c                         | 12,715.                                  |
| Ņ                         | 1           |               | ost of goods sold (Schedule A, line 8)  |  |                            |                                   |                                 |                            |  |
| N<br>C<br>O               | İ           |               | - · · · · · · · · · · · · · · · · · · ·   |  |                            |                                   |                                 |                            | 10 715                                   |
| M                         | 1           |               | iross profit. Subtract line 2 from line 1c  |  |                            | • • • • • • • • • • •             |                                 | 3                          | 12,715.                                  |
| E                         |             |               | ordinary income (loss) from other partners  | • •                                    | •                          |                                   |                                 | 1 . [                      |  |
|                           |             |               | attach schedule)  |  |                            |                                   |                                 |                            |  |
|                           | 1           |               | et farm profit (loss) (attach Schedule F (f   | • •                                    |                            |                                   |                                 | <del></del>                |  |
|                           |             | 6 1           | et gain (loss) from Form 4797, Part II, lin   | 3 18                                   |                            | • • • • • • • • • • •             | • • • • • • • • •               | 6                          |  |
|                           |             | 7 (           | ther income (loss)<br>attach schedule)  |  |                            |                                   |                                 | 7                          | ·  |
|                           | 1           |               | taliana dana Orabia tina 2 then   | -L 7                                   |                            |                                   |                                 |                            | 10 710                                   |
|                           | _           | 8 1           | otal income (loss). Combine lines 3 throu   | gn /                                   |                            |                                   | <del></del>                     | 8                          | 12,715.                                  |
|                           | S<br>E<br>E | •             | alaria and was a Calbas than to northogo  | (lass smalls, mant arodita)            |                            |                                   |                                 |                            | 241,782.                                 |
|                           |             |               | alaries and wages (other than to partners   |  |                            |                                   |                                 | 9                          | 241,182.                                 |
|                           |             |               | uaranteed payments to partners  |  |                            |                                   |                                 | 10                         | : 1.510                                  |
| Ď                         | \$   '      |               | epairs and maintenance  |  |                            |                                   |                                 | 11                         | ė 1,510.                                 |
| Đ                         | ii 1        |               | ad debts  |  |                            |                                   |                                 | 12                         | C7 704                                   |
| ×                         | T 1 -       |               | ent   |  |                            |                                   |                                 | 13                         | 67,794.                                  |
| ř                         | ו ה         |               | axes and licenses   |  |                            | 214150                            | EM.I. L                         |                            | 13,927.                                  |
| 1                         |             |               | terest  | 1                                      | 1                          |                                   | 0.00                            | 15                         |  |
| O<br>N<br>S               | Fl          |               | epreciation (if required, attach Form 4562)   | 7-                                     |                            | 1                                 | ,086.                           | 16                         | 1 000                                    |
| S                         | 9 (         |               | ess depreciation reported on Schedule A   | •                                      |                            | <del> </del>                      |                                 | 16c                        | 1,086.                                   |
|                           |             |               | epletion (Do not deduct oil and gas deple   |  |                            |                                   |                                 |                            | - <del></del>                            |
|                           |             |               | etirement plans, etcmployee benefit programs  |  |                            |                                   |                                 | 18                         | 7,906.                                   |
|                           | 1 (         |               | , ,   |  |                            |                                   | ,                               | 19                         | 7,300.                                   |
| •                         | Maria 2     | <b>0</b> (    | ther deductions ttach schedule)   |  | SEE.                       | .S.TATEM                          | E.N.T 2.                        | 20                         | 73,438.                                  |
| ;                         | š ,         | 1 7           | atel deductions. Add the amounts shown  | in the for right column for lines      | a O Harou                  | ah 20                             | į                               | 21                         | 407 440                                  |
|                           | 2           | 1 1           | otal deductions. Add the amounts shown  | The far right column for lines         | s 9 unou                   | gn 20                             |                                 | -21                        | 407,443.                                 |
|                           | 2           | 2 0           | rdinary income (loss) from trade or busing  | ass activities. Subtract line 21       | from line                  | . 0                               |                                 | 22                         | -394,728.                                |
|                           |             |               |   |  |                            |                                   |                                 |                            |  |
| Sign                      | i,          |               | Under penalties of perjury, I declare that I have example belief, it is true, correct, and complete. Declaration of which preparer has any knowledge. | preparer (other than general partner o | ng scheau<br>or limited li | es and stateme<br>iability compar | ents, and to<br>ly member)<br>1 | is based o                 | n my knowledge and on all information of |
| lere                      | •           |               | <b>&gt;</b>   |  |                            |                                   | }                               | May the IR                 | S discuss this return eparer shown below |
|                           |             |               | Signature of General Partner or Limited Liability Co  | mpany Member                           |                            | Date                              |                                 | with the pr<br>(see instra |  |
|                           |             |               |   | Date                                   | <del></del>                |                                   | I Pri                           | eparer's SS                | X Yes No                                 |
| Preparer's Check if saif. |             |               |   |  |                            | •                                 |                                 |                            |  |
| aid                       |             |               | CIMILED I CONCIO  |  | UZ   em                    | ployed                            | X 2                             | 17-60-                     | . 2022                                   |
|                           | arei        |               | Firm's Name (or yours if  | IO, CPA                                |                            |                                   | }                               | 717                        | co ocar                                  |
| )Se                       | Only        | y             | Address, and  |  |                            |                                   |                                 |                            | 60-9635                                  |
|                           |             |               | ZIP Code RFLATR MD 210  | (4                                     |                            |                                   | Phone No.                       | (30)                       | 1 55/+/X/5                               |

|      | Cost of Goods Sold (see instructions)   |                  |                | ,                                      |      |
|------|---|------------------|----------------|--|------|
| 1    | Inventory at beginning of year  | 1                | <br>           |  |      |
| 2    | Purchases less cost of items withdrawn for personal use   | 2                |                |  |      |
| 3    | Cost of labor   | 3                | <u> </u>       |  |      |
| 4    | Additional Section 263A costs (attach schedule)   | 4                | <del></del>    |  |      |
| 5    | Other costs   |                  |                |  |      |
| _    | (attach schedule)   | 6                |                | <del></del>                            |      |
| 7    | Total. Add lines 1 through 5  | 7                |                |  |      |
| 7    | Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2.  |                  |                |  |      |
| Q:   | a Check all methods used for valuing closing inventory:   | 1                |                |  |      |
| •    | (i) Cost as described in Regulations Section 1.471-3  |                  |                |  |      |
|      | (ii) Lower of cost or market as described in Regulations Section 1.471-4  |                  |                |  |      |
|      | (iii) Other (specify method used and attach explanation)  |                  |                |  |      |
| ŀ    | Check this box if there was a writedown of 'subnormal' goods as described in Regulations Section 1.471-2(c).  |                  | - <b></b>      | ►                                      | T    |
|      | : Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form  | -                |                | 1-                                     | 7    |
| (    | Do the rules of Section 263A (for property produced or acquired for resale) apply to the partnership?   |                  | П              | Yes                                    | No   |
| e    | Was there any change in determining quantities, cost, or valuations between opening and closing inventory?  |                  | П              | Yes                                    | No   |
|      | If 'Yes', attach explanation.   |                  |                |  |      |
|      | Other Information   |                  |                | ·                                      |      |
| 1    | What type of entity is filing this return? Check the applicable box:  |                  |                | Yes                                    | No   |
| a    | Domestic general partnership <b>b</b> Domestic limited partnership  |                  |                |  |      |
| C    |   |                  |                |  |      |
| e    | Foreign partnership f Other   |                  |                | 🗷                                      |      |
|      | Are any partners in this partnership also partnerships?   |                  |                | · · ·                                  | X    |
| 3    | During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign was disregarded as an entity separate from its owner under Regulations Sections 301.7701-2 and 301.7701-3? instructions for required attachment  | entity<br>If yes | that<br>s, see |  | ×    |
|      | Is this partnership subject to the consolidated audit procedures of Sections 6221 through 6233? If 'Yes,' see Do of Tax Matters Partner below.  | esigna           | ation          |  | X    |
| 5    | Does this partnership meet all three of the following requirements?   |                  |                |  |      |
|      | The partnership's total receipts for the tax year were less than \$250,000;   |                  |                |  | , se |
|      | The partnership's total assets at the end of the tax year were less than \$600,000; and   |                  |                |  |      |
| C    | Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including exter for the partnership return.  |                  | )              |  |      |
|      | If 'Yes,' the partnership is not required to complete Schedules L, M-1, and M-2; item F on page 1 of Form 1065 item J on Schedule K-1   |                  | • • • • • •    |  | X    |
|      | Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and 8813. See instructions   |                  |                |  | X    |
|      | Is this partnership a publicly traded partnership as defined in Section 469(k)(2)?  |                  |                |  | X    |
|      | Has this partnership filed, or is it required to file, Form 8264, Application for Registration of a Tax Shelter?  |                  | • • • • • •    |  | Χ,   |
| 9    | At any time during calendar year 2001, did the partnership have an interest in or a signature or other authority a financial account in a foreign country (such as a bank account, securities account, or other financial account). See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country. | over<br>?        |                |  | X    |
| 10   | During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a fif 'Yes,' the partnership may have to file Form 3520. See instructions   | <br>oreigr       | trust?         |  | X    |
| 11   | Was there a distribution of property or a transfer (e.g., by sale or death) of a partnership interest during the tax If 'Yes,' you may elect to adjust the basis of the partnership's assets under Section 754 by attaching the statem described in the instructions under Elections Made by the Partnership.   | yeari<br>ient    | ?<br>          |  | x    |
| 12   | Enter the number of Forms 8865 attached to this return ► 0  |                  |                |  |      |
| )ac  | ignation of Tax Matters Partner (see instructions)  |                  |                |  |      |
|      | below the general partner designated as the tax matters partner (TMP) for the tax year of this return:  |                  |                |  |      |
| (6)  | below the general parties designated as the tax matters parties (1m) ) for the tax year of this fettill.  |                  |                |  |      |
| lame | nated TMP ► ENERGY MERCHANT HOLDING INC Number of TMP ► 13  | -41(             | 14912          | ······································ |      |
|      | ess of 126 EAST 56TH STREET, 33 FLOOR   |                  |                |  |      |
| esig | nated TMP NEW YORK, NY 10022  |                  |                |  |      |

|                             | Partners' Shares of Income, Credits, Deductions, etc  (a) Distributive share items                   | (h) 1                           | Fotal amount                          |
|-----------------------------|--|---------------------------------|---------------------------------------|
|                             |  |                                 | -394,728.                             |
|                             | 1 Ordinary income (loss) from trade or business activities (page 1, line 22)                         |                                 | -334,120.                             |
|                             | 2 Net income (loss) from rental real estate activities (attach Form 8825)                            | 2                               |                                       |
|                             | b Expenses from other rental activities (attach sch).  | Value of the state of           |                                       |
|                             | c Net income (loss) from other rental activities. Subtract line 3b from line 3a                      |                                 |                                       |
|                             | i i i i i i i i i i i i i i i i i i i  |                                 |                                       |
|                             | 4 Portfolio income (loss): aInterest income  |                                 | ·                                     |
| Income                      | <b>b</b> Ordinary dividends  |                                 |                                       |
| (Loss)                      | c Royalty income.  |                                 | <del></del>                           |
|                             | d Net short-term capital gain (loss) (attach Schedule D (Form 1065))                                 |                                 | <del> </del>                          |
|                             | e (1) Net long-term capital gain (loss) (attach Schedule D (Form 1065))                              | THE RESIDENCE OF THE PARTY OF   |                                       |
|                             | (2) 28% rate gain (loss). (3) Qualified 5-year gain.   | عدالك والمتصورة والمساع عبرا عن |                                       |
|                             | f Other portfolio income (loss) (attach schedule)  |                                 |                                       |
|                             | 5 Guaranteed payments to partners  |                                 |                                       |
|                             | 6 Net Section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797)              | }                               |                                       |
|                             | 7 Other income (loss)  | 1 8                             | 2 000                                 |
| Dadua                       | 1  | r                               | 2,000.                                |
| Deduc-<br>tions             | 9 Section 179 expense deduction (attach Form 4562)   |                                 | · · · · · · · · · · · · · · · · · · · |
|                             |  | <del></del>                     |                                       |
|                             | 11 Other deductions  |                                 |                                       |
| Credits                     | (1) From partnerships to which Section 42(j)(5) applies  |                                 |                                       |
|                             | (2) Other than on line 12a(1)  |                                 | <del></del>                           |
|                             | b Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468). |                                 |                                       |
|                             | c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities   | 12c                             |                                       |
|                             | d Credits related to other rental activities   | 12d                             |                                       |
|                             | 13 Other credits   |                                 |                                       |
| Invest-<br>ment<br>Interest | 14a Interest expense on investment debts   |                                 | ···                                   |
|                             | b (1) Investment income included on lines 4a, 4b, 4c, and 4f above                                   | 14b(1)                          | <del></del>                           |
|                             | (2) Investment expenses included on line 10 above  | 14b (2)                         | <del></del>                           |
| Self-                       | 15 a Net earnings (loss) from self-employment  | 15 a                            |                                       |
| Employ-<br>ment             | <b>b</b> Gross farming or fishing income   | 15 b                            | ····                                  |
|                             | c Gross nonfarm income   |                                 |                                       |
| Adjust-                     | 16a Depreciation adjustment on property placed in service after 1986                                 |                                 | 272.                                  |
| ments<br>and Tax            | <b>b</b> Adjusted gain or loss   | 16b                             |                                       |
| Prefer-                     | c Depletion (other than oil and gas)   | 16c                             | <del></del>                           |
| ence<br>Items               | (2) Deductions allocable to oil, gas, and geothermal properties.                                     | 16d (2)                         |                                       |
| items                       | e Other adjmnts & tax pref items   | 16e                             |                                       |
|                             | 17 a Name of foreign country or U.S. possession  |                                 | <del></del>                           |
|                             | b Gross income from all sources.   | 17b                             |                                       |
|                             | c Gross income sourced at partner level  | 17c                             | <del></del>                           |
|                             | d Foreign gross income sourced at partnership level:   |                                 |                                       |
|                             | (1) Passive (2) Listed categories (attach sch) (3) General limitation                                | 17 d (3)                        |                                       |
| Foreign                     | e Deductions allocated and apportioned at partner level:   |                                 | <del></del>                           |
| Taxes                       | (1) Interest expense *(2)Other   | 17e (2)                         |                                       |
|                             | f Deductions allocated and apportioned at partnership level to foreign source income:                |                                 | <del></del>                           |
|                             | (1) Passive (2) Listed categories (attach sch) (3) General limitation                                | 171 (3)                         |                                       |
|                             | g Total foreign taxes (check one): ► Paid Accrued  | 17g                             | <del></del>                           |
| Ì                           | h Reduction in taxes available for credit (attach schedule)  | 17h                             | · · · · · · · · · · · · · · · · · · · |
|                             | 18 Section 59(e)(2) expenditures: a Type > SEE STATEMENT 4 b Amount >                                | 18b                             | 140,071.                              |
|                             | 19 Tax-exempt interest income.   | 19                              |                                       |
| }                           | 20 Other tax-exempt income   | 20                              |                                       |
| Other                       |  | 21                              | 1,560.                                |
| İ                           | 22 Distributions of money (cash and marketable securities)   |                                 |                                       |
| 1                           | 23 Distributions of property other than money  | 23                              | The same of the first state of the    |
|                             | 24 Other items and amounts required to be reported separately to partners (attach schedule)          |                                 | 5                                     |
|                             | alach Suicule)   |                                 |                                       |

Form 1065 (2001) WILLIAMS TECHNOLOGIES LLC 73-1418240 Analysis of Net Income (Loss) Net income (loss). Combine Schedule K, lines 1 through 7 in column (b). From the result, subtract the sum of Schedule K, lines 8 through 11, 14a, 17g, and 18b. -536,799. (iv) Partnership Analysis by (i) Corporate (ii) Individual (iii) Individual (v) Exempt (vi) Nominee/Other (active) (passive) organization partner type: a General partners **b** Limited -536,799. Balance Sheets per Books (Not required if question 5 on Schedule B is answered 'Yes.') Saherium il Beginning of tax year End of tax year (a) (b) (d) (c) Assets 26,913 200 1 Cash ...... 2a Trade notes and accounts receivable . . . . . . **b** Less allowance for bad debts..... 3 Inventories..... 5 Tax-exempt securities ...... 6 Other current assets (attach schedule)..... 7 Mortgage and real estate loans..... 512,500. 441.514 8 Other investments (attach schedule)... SEE . ST. . 5. .: 7,603. 9a Buildings and other depreciable assets . . . . . 1,143. 6.460 **b** Less accumulated depreciation..... b Less accumulated depletion.... 11 Land (net of any amortization)..... 12a Intangible assets (amortizable only)...... **b** Less accumulated amortization..... 13 Other assets (attach schedule)..... 539,413. 448.174 14 Total assets...... Liabilities and Capital Accounts payable..... 5.091. 15 Mortgages, notes, bonds payable in less than 1 year..... Other current liabilities (attach sch)..... 17 All nonrecourse loans..... 18 19 Mortgages, notes, bonds payable in 1 year or more. . . . . . 829,719. Other liabilities (attach schedule).... SEE. ST. .6. -1,271,805Partners' capital accounts..... -290,306. -828,722 21 539,413. 448,174 Total liabilities and capital ..... Reconciliation of Income (Loss) per Books with Income (Loss) per Return (Not required if question 5 on Schedule B is answered 'Yes.') -538,416. Net income (loss) per books..... Income recorded on books this year not included on Schedule K, lines 1 though 7 (itemize): Income included on Schedule K, lines 1 through 4. a Tax-exempt interest . . \$\_\_\_\_ 6, and 7, not recorded on books this year (itemize):

Deductions included on Schedule K, lines 1 through 11, Guaranteed payments (other than health insurance) . 14a, 17g, and 18b, not charged against book income this Expenses recorded on books this year not included on Schedule K, lines 1 through 11, 14a, 17g, and 18b (itemize): year (itemize): a Depreciation.... \$ a Depreciation..... **b** Travel and entertainment.... Add lines 6 and 7..... 1,617 Income (loss) (Analysis of net income (loss), line 1). Subtract line 8 from line 5. -536,799 5 Add lines 1 through 4..... -536,799. Analysis of Partners' Capital Accounts (Not required if question 5 on Schedule B is answered 'Yes.')

-290,306 6 Distributions: a Cash..... Balance at beginning of year..... **b** Property..... -538,416 Other decreases (itemize): 3 Net income (loss) per books ...... Other increases (itemize): Add lines 6 and 7..... -828.722. Balance at end of year. Subtract line 8 from line 5. . . . -828,722 5 Add lines 1 through 4.....

PTPA0134L 01/01/02

Form 1065 (2001)

#### Schedule K-1 (Form 1065)

#### Partner's Share of Income, Credits, Deductions, Etc

OMB No. 1545-0099

Department of the Treasury

For calendar year 2001 or tax year

| Internal Rev                | venue Service                                | beginning                                 | , 2001, and                             |   |           | , 20   |  |  |  |  |
|-----------------------------|--|---|---|---|-----------|--|--|--|--|--|
|                             | identifying numb                             |   | ····                                    |   |           | lentifying number 🟲                                      | <u>73-</u>   | 1418240  |  |  |
| Partner's Na                | ame, Address, and ZIP C                      | code                                      |   | Partnership's Name, Address, and ZIP Code   |           |  |  |  |  |  |
| 126 E.                      | Y MERCHANT H<br>AST 56TH STF<br>ORK, NY 1002 | REET, 33 FLOOR                            |   | WILLIAMS TECHNOLOGIES LLC<br>126 EAST 56TH STREET, 33 FLOOR<br>NEW YORK, NY 10022 |           |  |  |  |  |  |
| A This                      | partner is a                                 | general partner   limited p               | artner                                  | F Partr   | ner's sha | are of liabilities:                                      |  |  |  |  |
|                             | limited liability co                         | • • •                                     |   | 1   |           |  |  | . \$   |  |  |
|                             |  | nis partner? ► CORPORAT                   | ON .                                    | Quali   | fied nor  | recourse financing                                       |  | . \$   |  |  |
|                             |  | mestic or a foreign partner               |   | Qualified nonrecourse financing\$ Other\$   |           |  |  |  |  |  |
|                             | partner's % of: (i)                          | Before change or termination (ii)         | End of<br>vear                          |   |           | egistration number 🟲                                     |  |  |  |  |
|                             | sharing                                      |   | 100%                                    | H Chec  | k hara i  | f this partnership is a p                                |  |  |  |  |
| Loss                        | sharing                                      | 0 %                                       | 100 %                                   | as de   | fined in  | Section 469(k)(2)  | LUDIIC   |  |  |  |
|                             | ship of capital                              |   | 100%                                    |   |           |  |  |  |  |  |
|                             |  | filed return: MEMPHIS                     |   | I Chec  | k applic  | able boxes: (1) F  | inal k   | K-1 (2) Amended K-1                                      |  |  |
| J Ana                       | alysis of partner's                          | capital account:                          |   |   |           |  |  |  |  |  |
| <b>(a)</b> C<br>be          | apital account at ginning of year            | (b) Capital contributed during year       | (c) Partn<br>lines 3<br>Form 1065       | er's share<br>i, 4, and 7<br>, Schedul  | 7.        | (d) Withdrawals and distributions                        | (e) Capital account at end of year (combine columns (a) through (d)) |  |  |  |
|                             | -290,300                                     | 5 ,                                       |   | -538  | ,416.     |  |  | -828,722.  |  |  |
| (a) Distributive share item |  |   |   |   |           | (b) Amount   | ar   | (c) 1040 filers enter the<br>mount in column (b) on:     |  |  |
|                             | 1 Ordinary inc                               | ome (loss) from trade or busine           | ss activities                           |   | 1         | -394,728.  | $\sqcap$   |  |  |  |
| į                           | 2 Net income (los                            | s) from rental real estate activities     |   |   | 2         |  | ]  -   | See Partner's Instructions for Schedule K-1 (Form 1065). |  |  |
|                             | 3 Net income (los                            | s) from other rental activities           |   | 3   |           | Ш  | 35113414 11 1 (1 01111 1000); ·                                      |  |  |  |
|                             | 4 Portfolio inco                             | ome (loss):                               |   |   |           |  |  |  |  |  |
| Income                      | a Interest                                   |   | · · · · · · · · · · · · · · · · · · ·   |   | 4a        |  | Sch  | edule B, Part I, line 1                                  |  |  |
| (Loss)                      | <b>b</b> Ordinary divi                       | dends                                     |   | · · · · · · · · · · · · · · · · · · ·   | 4b        |  | Sch  | edule B, Part II, line 5                                 |  |  |
|                             | c Royalties                                  |   |   | ·   | 4c        |  | Schedule E, Part I, line 4 Schedule D, line 5, column (f)            |  |  |  |
|                             |  | m capital gain (loss)                     |   |   | 4d        |  |  |  |  |  |
|                             |  | -term capital gain (loss)                 |   | 7   | 4e(1)     | <del></del>  | 1 .  | dule D, line 12, column (f)                              |  |  |
| ,                           |  | gain (loss)                               |   |   | 4e(2)     |  | ι  | dule D, line 12, column (g)                              |  |  |
|                             | , , ,  | 5-year gain                               |   | ì   |           |  | 1  | 4 of worksheet for Sch D, line 29                        |  |  |
|                             | •  | ncome (loss) (attach schedule)            |   | <b>†</b>  |           |  | Enter  | on applicable In of your return                          |  |  |
|                             | 5 Guaranteed                                 | payments to partner                       | • |   | 5         | <del></del>  |  | See Partner's Instructions for                           |  |  |
|                             |  | 1231 gain (loss) (other than due          | to casualty                             |   | 6         |  |  | Schedule K-1 (Form 1065).                                |  |  |
|                             |  | (loss) (attach schedule)                  |   |   | 7         | 2 2 2 2  |  | on applicable In of your return                          |  |  |
|                             |  | butions (see instructions) (attach sched  |   |   |           | 2,000.   | Sche   | edule A, line 15 or 16                                   |  |  |
| Deduc-<br>tions             |  | expense deduction                         |   | , , , , , , , , , , , , , , , , , , ,   | 9         |  |  | See Partner's Instructions for                           |  |  |
|                             |  | ed to portfolio income (attach schedule). |   | r   | 10        |  |  | Schedule K-1 (Form 1065).                                |  |  |
|                             |  | (attach schedule)                         |   | ·····   | 11        |  |  |  |  |  |
|                             | 12a Low-income                               | -   |   |   | 12-(1)    |  |  |  |  |  |
| į                           |  | ction 42(j)(5) partnerships               |   |   | 12a(1)    |  | <u> </u>   | Form 8586, line 5  |  |  |
|                             | ``   | n on line 12a(1)                          |   |   | 12a(2)    | ···  | +  |  |  |  |
| Credits                     | estate activiti                              | abilitation expenditures related les      |   | 12b   |           |  | 0.04.1.1.11  |  |  |  |
| - 1                         | ·  | r than credits shown on lines 12          |   | į   |           | See Partner's Instructions for Schedule K-1 (Form 1065). |  |  |  |  |
|                             |  | ital real estate activities               |   | - t   | 12c       |  | -  |  |  |  |
|                             |  | ed to other rental activities             |   | F   | 12d       |  |  |  |  |  |
| l                           | 13 Other credits                             |   | <del> </del>                            |   | 13        | <u>_</u>   |  |  |  |  |

BAA For Paperwork Reduction Act Notice, see instructions for Form 1065.

Schedule K-1 (Form 1065) 2001

#### Schedule K-1 (Form 1065)

#### Partner's Share of Income, Credits, Deductions, Etc

OMB No. 1545-0099

2001

Department of the Treasury

For calendar year 2001 or tax year

| internal Re   | evenue Service                | pediminid                             | , 200 i, and                                  |   |           | , 20                       |                                   |  |  |  |
|---------------|-------------------------------|---------------------------------------|---|---|-----------|----------------------------|-----------------------------------|--|--|--|
| Partner's     | s identifying number 1        | <b>≻</b> 363-42-0523                  | Partnership's identifying number ► 73-1418240 |   |           |                            |                                   |  |  |  |
|               | lame, Address, and ZIP Code   |                                       |   | Partnership's Name, Address, and ZIP Code |           |                            |                                   |  |  |  |
| UENOV         | J BROLICK                     |                                       |   | WILLIAMS TECHNOLOGIES LLC                 |           |                            |                                   |  |  |  |
|               |                               | vec                                   |   | 126 EAST 56TH STREET, 33 FLOOR            |           |                            |                                   |  |  |  |
|               | EAST 103RD PLA                | (CE                                   |   |   |           |                            | Γ£                                | .008   |  |  |
| TULSA         | , OK 74137                    |                                       |   | NEW T                                     | UKK,      | NY 10022                   |                                   |  |  |  |
|               | ,                             |                                       |   |   |           |                            |                                   |  |  |  |
| A This        | partner is a gen              | eral partner   limited p              | ortoor  | E Darte                                   | acto ob   | are of liabilities:        |                                   |  |  |  |
|               |                               |                                       | artiner                                       | 1   |           |                            |                                   | <b>*</b>   |  |  |
|               | limited liability compa       |                                       |   | Nonr                                      | ecourse   |                            |                                   | \$   |  |  |
| <b>B</b> What | t type of entity is this p    | oartner? ► INDIVIDUA                  | \L  | Quali                                     | ified not | nrecourse financing        |                                   | \$   |  |  |
|               |                               | stic or a foreign partner             |   | Othe.                                     | r         |                            |                                   | . \$   |  |  |
|               | partner's % of: (i) Be        | efore change or (ii) E                | ind of  |   |           | registration number        |                                   |  |  |  |
|               |                               | termination                           | yeai  | G rax s                                   | snekei i  | egistration number         | <i>-</i>                          |  |  |  |
| Profit        | t sharing                     |                                       | 0%  | H Chec                                    | k here i  | if this partnership is a p | ubli                              | cly traded partnership                                   |  |  |
| Loss          | sharing                       | 0%                                    | 0%  | as de                                     | efined in | n Section 469(k)(2)        |                                   |  |  |  |
| Owner         | ship of capital.              | 0 %                                   | 0 %   |   |           |                            |                                   |  |  |  |
| F IRS Ce      | enter where partnership filed | ceture: MEMPHTS                       |   | 1 Chec                                    | k annlic  | able baxes: (1)            | inal                              | K-1 (2) Amended K-1                                      |  |  |
|               | alysis of partner's cap       |                                       |   | 01,00                                     | Саррио    | ASSO BOXOG. (1)            | 11.101                            | TX 1 (L) [ ] AMORIGOUS IX 1                              |  |  |
| J An          | alysis of partner's cap       | ntai account:                         |   |   |           | <del></del>                | T                                 |  |  |  |
| (a) C         | Capital account at            | (b) Capital contributed               | (c) Partn                                     | er's share                                | e of      | (d) Withdrawals and        | (e                                | ) Capital account at end of                              |  |  |
| be            | ginning of year               | during year                           | lines 3                                       | , 4, and 7                                | , , , ,   | distributions              | J y                               | ear (combine columns (a)                                 |  |  |
|               |                               |                                       | Form 1065                                     | , Schedul                                 | e M-2     |                            | i                                 | through (d))   |  |  |
|               | 0.                            |                                       |   |   |           |                            |                                   | 0.   |  |  |
|               | (-)                           | Distriction shows items               |   |   | ]         | (h) A                      |                                   | (c) 1040 filers enter the                                |  |  |
|               | (a)                           | Distributive share item               |   |   |           | (b) Amount                 |                                   | mount in column (b) on:                                  |  |  |
|               | 1 Ordinary income             | e (loss) from trade or busine         | ss activities                                 |   | 1         |                            | Ħ                                 |  |  |  |
|               | 1                             | om rental real estate activities      |   |   |           |                            | 1                                 | See Partner's Instructions for                           |  |  |
|               | (                             | om other rental activities            |   |   |           | 1 1                        | Schedule K-1 (Form 1065).         |  |  |  |
|               | 1                             |                                       |   |   |           |                            | ┰                                 |  |  |  |
|               | 4 Portfolio income            |                                       |   |   |           |                            | l                                 |  |  |  |
| Income        | a Interest                    |                                       | . <b></b>                                     | <i></i>                                   | 4a        |                            | Sch                               | nedule B, Part I, line 1                                 |  |  |
| (Loss)        | <b>b</b> Ordinary dividen     | nds                                   |   |   | 4b        |                            | Schedule B, Part II, line 5       |  |  |  |
|               | i e                           |                                       |   |   | ,         |                            |                                   | nedule E, Part I, line 4                                 |  |  |
|               | -                             | capital gain (loss)                   |   |   |           |                            |                                   |  |  |  |
|               | l .                           |                                       |   | 4e(1) Schedule D, line 12,                |           |                            | Schedule D, line 5, column (f)    |  |  |  |
|               | l · · ·                       | m capital®ain (loss)                  |   |   |           |                            |                                   |  |  |  |
|               | (2) 28% rate ga               | in (loss)                             |   |   |           |                            | edule D, line 12, column (g)      |  |  |  |
|               | (3) Qualified 5-y             | ear gain                              |   | <b>.</b> [                                |           |                            |                                   | Line 4 of worksheet for Sch D, line 29                   |  |  |
|               | f Other portfolio iscorr      | ne (loss) (attach schedule)           |   | <del></del>                               |           |                            | r on applicable in of your return |  |  |  |
|               | 1                             | ments to partner                      |   | r   |           |                            |                                   |  |  |  |
|               | 5 Guaranteed payi             | ments to partner                      |   |   |           |                            | . 1                               | See Partner's Instructions for                           |  |  |
|               | 6 Net Section 123             | 1 gain (loss) (other than due         | to casualty                                   |   |           |                            | ,                                 | Schedule K-1 (Form 1065).                                |  |  |
|               | or theft)                     |                                       |   | 6   |           |                            | الت                               |  |  |  |
|               | 7 Other income (lo            | oss) (attach schedule)                | <u></u>                                       | <u></u>                                   | 7         |                            | Ente                              | r on applicable In of your return                        |  |  |
|               | 8 Charitable contribution     | ons (see instructions) (attach schedu | ile)  |   | 8         |                            | Sch                               | nedule A, line 15 or 16                                  |  |  |
| Deduc-        | 1                             | ense deduction                        | -   | 1   | 9         |                            |                                   | , , , , , , , , , , , , , , , , , , ,                    |  |  |
| tions         |                               |                                       |   | - t                                       | 10        |                            |                                   | See Partner's Instructions for                           |  |  |
|               | 1                             | portfolio income (attach schedule).   |   |   |           |                            | . [                               | Schedule K-1 (Form 1065).                                |  |  |
|               |                               | tach schedule)                        | <u> </u>                                      |   | 11        |                            |                                   |  |  |  |
|               | 12 a Low-income hou           | sing credit:                          |   |   |           | ·                          |                                   |  |  |  |
|               | (1) From Section              | n 42(j)(5) partnerships               |   |   | 12a(1)    | ļ                          |                                   | 5 0505 i' 5  |  |  |
|               | , ,                           | on line 12a(1)                        |   |   | 12a(2)    |                            | _                                 | - Form 8586, line 5                                      |  |  |
|               | , ,                           |                                       |   | ì   |           |                            |                                   |  |  |  |
| C             |                               | itation expenditures related t        |   | ľ   | 125       |                            | $\neg$                            |  |  |  |
| Credits       | estate activities             | ·                                     |   |   | 12b       |                            | - }                               | Con Dorborto Instructions for                            |  |  |
| }             |                               | an credits shown on lines 12          | -   | A   |           |                            | +                                 | See Partner's Instructions for Schedule K-1 (Form 1065). |  |  |
|               |                               | real estate activities                |   | 12C                                       |           |                            |                                   |  |  |  |
| }             | d Credits related to          | other rental activities               |   | : <u> </u>                                | 12d       |                            |                                   |  |  |  |
|               | 13 Other credits              |                                       |   |   | 13        | }-                         |                                   |  |  |  |
|               |                               |                                       |   |   |           |                            |                                   |  |  |  |

BAA For Paperwork Reduction Act Notice, see instructions for Form 1065.

Schedule K-1 (Form 1065) 2001

(Rev March 2002)

Department of the Treasury Internal Revenue Service

# Depreciation and Amortization (Including Information on Listed Property) See separate instructions. Attach to your tax return.

OMB No. 1545-0172

2001

67

Name(s) Shown on Return WILLIAMS TECHNOLOGIES LLC Identifying Number 73-1418240

|      | ness or Activity to Which This Form Re                                   | elates                                     |  |                            |                                 |                    |        |                            |
|------|--|--|--|----------------------------|---------------------------------|--------------------|--------|----------------------------|
| F0   | RM 1065  | · · · · · · · · · · · · · · · · · · ·      |  |                            |                                 | <del></del>        |        |                            |
| J 26 | Election to Ex<br>Note: If you have                                      | pense Certair<br>any listed proper         | n Tangible Property<br>rty, complete Part V bef  | Under Sectore you complete | t <b>ion 179</b><br>ete Part I. |                    |        |                            |
| 1    | Maximum amount. See in   | structions for a hi                        | gher limit for certain bus   | sinesses                   |                                 |                    | 1      | \$24,000                   |
| 2    | Total cost of Section 179  | property placed in                         | service (see instruction   | ns)                        |                                 |                    | 2      |                            |
| 3    | Threshold cost of Section  | 179 property befo                          | ore reduction in limitation  | n <i></i>                  |                                 |                    | 3      | \$200,000                  |
| 4    | Reduction in limitation. Su  | ubtract line 3 from                        | line 2. If zero or less, e   | enter -0                   |                                 |                    | 4      |                            |
| 5    | Dollar limitation for tax ye separately, see instruction                 | 5  |  |                            |                                 |                    |        |                            |
| 6    |  | Description of property                    |  | (b) Cost (busin            |                                 | (C) Elected cos    | it     |                            |
|      |  |  |  |                            |                                 |                    |        |                            |
|      |  |  |  |                            |                                 |                    |        |                            |
| 7    | Listed property. Enter the   | amount from line                           | 29   |                            | 7                               |                    |        |                            |
| 8    | Total elected cost of Secti  | on 179 property.                           | Add amounts in column  | (c), lines 6 and           | d 7                             |                    | 8      |                            |
| 9    | Tentative deduction, Enter   |  | and the second s |                            |                                 |                    | 9      |                            |
| 10   | Carryover of disallowed de   | duction from line                          | 13 of your 2000 Form 4   | 562                        |                                 |                    | 10     |                            |
| 11   | Business income limitation   |  |  |                            |                                 |                    |        |                            |
| 12   | Section 179 expense dedu   |  |  |                            |                                 |                    | 12     |                            |
|      | Carryover of disallowed de   |  |  |                            |                                 |                    |        |                            |
|      | : Do not use Part II or Part   |  |  |                            |                                 |                    |        |                            |
|      | Special Depre  | ciation Allowa                             | nce and Other Dep  | reciation (D               | o not includ                    | de listed property | r.)    |                            |
|      | Special depreciation allow 2001 (see instructions)                       | ance for certain p                         | roperty (other than liste  | d property) acc            | uired after                     | September 10,      | 14     | ,                          |
| 15   | Property subject to Section  | 168(f)(1) electio                          | n (see instructions)   |                            |                                 |                    | 15     |                            |
| 16   | Other depreciation (includi  | ng ACRS) (see in                           | structions)  |                            |                                 |                    | 16     |                            |
|      |  |  | tinclude listed property.  |                            |                                 |                    | ····   |                            |
|      |  |  | Section  | n A                        |                                 |                    |        |                            |
| 17   | MACRS deductions for ass   | ets placed in serv                         | rice in tax years beginni  | ng before 2001             |                                 |                    | 17     |                            |
| 18   | If you are electing under S into one or more general a                   | ection 168(i)(4) to                        | group any assets place   | ed in service di           | uring the ta                    | x year             |        |                            |
|      | Section B  | - Assets Placed                            | in Service During 2001   | Tax Year Using             | the Gener                       | ral Depreciation   | Systen | 1                          |
|      | (a)<br>Classification of property  | (b) Month and<br>year placed<br>in service | (C) Basis for depreciation (business/investment use only — see instructions)   | (d)<br>Recovery period     | (e)<br>Convent                  | (f)<br>Method      |        | (g) Depreciation deduction |
| 19:  | 3-year property  |  |  |                            |                                 |                    |        |                            |
| 1    | 5-year property  |  |  |                            |                                 |                    |        |                            |
| (    | 7-year property  |  | 7,603.   | 7                          | HY                              | 200DE              | 3      | 1,086.                     |
|      | 10-year property   |  |  | `                          |                                 |                    |        |                            |
|      | 15-year property   |  |  |                            |                                 |                    |        |                            |
| 1    | 20-year property   |  |  |                            |                                 |                    |        |                            |
|      | 25-year property   |  |  | 25 yrs                     |                                 | S/L                |        |                            |
|      | Residential rental   |  |  | 27.5 yrs                   | MM                              | S/L                |        | ····                       |
|      | property   |  |  | 27.5 yrs                   | MM                              | S/L                |        | <del></del>                |
| i    | Nonresidential real  |  |  | 39 yrs                     | MM                              | S/L                |        | <del></del>                |
|      | property   |  |  |                            | MM                              | S/L                |        | - <del></del>              |
|      | Section C -  | Assets Placed in                           | Service During 2001 Ta   | x Year Using t             |                                 |                    | Syste  | m                          |
| 20:  | Class life   |  |  |                            | 1                               | S/L                | 7      |                            |
|      | 12-year  |  |  | . 12 yrs                   | 1                               | S/L                |        | <del></del>                |
|      | 40-year  |  |  | 40 yrs                     | MM                              | 5/L                |        |                            |
|      | Summary (See   | instructions)                              |  |                            |                                 |                    |        |                            |
|      | Listed property. Enter amount  |  |  |                            |                                 | 2                  | 1      |                            |
|      | Total. Add amounts from line 12, I<br>of your return. Partnerships and S | ines 14 through 17, lin                    | es 19 and 20 in column (g), an   | nd line 21. Enter he       | re and on the                   | appropriate lines  | 1      | 1,086.                     |
| 23   | For assets shown above an<br>the portion of the basis attr               | d placed in service                        | e during the current ver   | ar enter                   | 23                              |                    |        | 2,000.                     |

| 2001   | FEDERAL STATEMENTS                 | PAGE 1   |
|--|------------------------------------|--|
| CLIENT 6   | WILLIAMS TECHNOLOGIES LLC          | 73-1418240   |
| 4/24/02  |                                    | 11:08AM  |
|  | T(                                 |  |
| STATEMENT 2<br>FORM 1065, LINE 20<br>OTHER DEDUCTIONS  |                                    |  |
| CONSULTANTS  DUES AND SUBSCRIPTIONS INFORMATION SERVICES INSURANCE LEGAL AND PROFESSIONAL MEALS AND ENTERTAINMEN MISCELLANEOUS OFFICE EXPENSE POSTAGE PRINTING TELEPHONE | TO                                 | 27,442. 2,896. 7,502. 4,115. 5,365. 1,560. 311. 3,426. 848. 382. |
| STATEMENT 3<br>FORM 1065, SCHEDULE K, I<br>CHARITABLE CONTRIBUTION   | LINE 8<br>DNS                      |  |
| CASH CONTRIBUTIONS - 5   | 0% LIMITATIONTO                    | \$ 2,000.<br>TAL \$ 2,000.                                       |
| STATEMENT 4<br>FORM 1065, SCHEDULE K, L<br>SECTION 59(E) ELECTION E  | LINE 18A & LINE 18B<br>XPENDITURES |  |
| LEASE OPERATING EXPENSE  | T0 <sup>-</sup>                    | 2,384.   |
| STATEMENT 5<br>FORM 1065, SCHEDULE L, L<br>OTHER INVESTMENTS   | INE 8                              |  |
| . DETA OTI 9 CAC   | BEGINN                             | IING ENDING  |
| HORIZON NRI - CHETOPA C  |                                    | 0. \$ 260,023.<br>,500. 0.<br>0. 23,585.                         |

| 001   | FEDERA     | FEDERAL STATEMENTS |       |           |                             |  |  |  |
|---|------------|--------------------|-------|-----------|-----------------------------|--|--|--|
| LIENT 6   | WILLIAMS 1 | 73-141824          |       |           |                             |  |  |  |
| /24/02  |            |                    |       |           | 11:08A)                     |  |  |  |
| STATEMENT 5 (CONTINUED)<br>FORM 1065, SCHEDULE L, LINE 8<br>OTHER INVESTMENTS | 3          |                    |       |           |                             |  |  |  |
| -   |            |                    |       | BEGINNIN  | G ENDING                    |  |  |  |
| SANGUINE  |            |                    |       | \$        | 0. \$ 7,016.<br>0. 150,890. |  |  |  |
|   |            |                    | TOTAL | \$ 512,50 | 00. \$ 441,514.             |  |  |  |
| STATEMENT 6<br>FORM 1065, SCHEDULE L, LINE 2<br>OTHER LIABILITIES             | :0         |                    |       |           |                             |  |  |  |
|   |            |                    |       | BEGINNIN  | G ENDING                    |  |  |  |
| DUE TO EMC  |            |                    | TOTAL | \$ 829,7  | 19. \$ 1,271,805.           |  |  |  |
| · · ·   | ·          | •                  | IUINL | 1 025,11  | 15. \$ 1,271,803.           |  |  |  |
|   |            |                    |       |           |                             |  |  |  |
|   |            |                    |       |           |                             |  |  |  |
|   |            | ,                  |       |           |                             |  |  |  |
|   |            |                    |       |           |                             |  |  |  |
|   |            |                    |       |           |                             |  |  |  |
|   |            |                    |       | ė         |                             |  |  |  |
|   |            |                    | ,     |           |                             |  |  |  |
|   |            |                    |       |           |                             |  |  |  |
|   |            |                    |       |           | V<br>•                      |  |  |  |
|   |            |                    |       |           |                             |  |  |  |
|   |            |                    |       |           |                             |  |  |  |
|   |            |                    |       |           |                             |  |  |  |
|   |            |                    |       |           |                             |  |  |  |
|   |            |                    |       |           |                             |  |  |  |
|   |            |                    |       |           |                             |  |  |  |
| •   |            |                    |       |           |                             |  |  |  |

## Department of the Treasury Internal Revenue Service U.S. Return of Partnership Income

2002

| ► See separate instructions. IRS use only — Do not write  |          |         |                              |   |   |   |   |                            | ite or staple                           | e in this space.    |  |  |              |
|---|----------|---------|------------------------------|---|---|---|---|----------------------------|---|---------------------|--|--|--------------|
| For   | cale     | endar   | year 2002, or                |   |   |   | , and ending                            |                            | , 20                                    |                     |  | OMB No.1545                              | 5-0099       |
|   |          |         | siness activity              |   |   |   |   |                            |   |                     | D En   | nployer identification                   | n            |
| CO  | MCT.     | JLTI    | MC                           | Use the<br>IRS                          | WITTITAMS                                     | TECHNOLOGII   | 75 11.0                                 | •                          |   |                     | 73-  | 1418240                                  |              |
|   |          |         |                              | label.                                  |   |   |   | OR                         |   | •                   |  | ate business started                     |              |
| B Principal product or service Other- PETROLEUM 126 EAST 56TH STREET, 33 FLOOR NEW YORK, NY 10022 |          |         |                              |   |   |   |   |                            |   |                     | 11/2000  |  |              |
|   |          |         | de number                    | print<br>or type.                       | 1   |   |   |                            |   |                     |  | otal assets (see instr                   | rs)          |
| 54  |          |         | }                            | or type:                                |   |   |   |                            |   |                     | s  | •  | 0.           |
|   |          |         | plicable boxes               | : (1)                                   | Initial return                                | (2) X Final return                                  | (3) Na                                  | me chang                   | e (4) A                                 | dress chan          | ge (5)   | Amended retur                            |              |
|   |          |         | counting metho               |   | Cash  | (2) X Accrual                                       |   |                            | ecify)                                  |                     |  |  |              |
|   |          |         |                              |   |   | erson who was a                                     |   |                            |   |                     |  |  | 2            |
| Cau   | ion      | : Incl  | ude <b>only</b> trade        | or busines                              | ss income and                                 | expenses on line:                                   | s 1a through 2                          | 2 below.                   | See the inst                            | ructions i          | or more  | information.                             |              |
|   |          |         |                              |   |   |   |   | 1 1                        |   |                     |  |  |              |
|   | - [      |         |                              |   |   |   |   |                            | 1                                       | <u>6,322.</u>       |  |  |              |
|   |          | b       | Less returns a               | nd allowan                              | ces   |   |   | . <u>1b</u>                | ······································  | <del></del>         | 1c   | 16,3                                     | <u> 322.</u> |
| Ņ   | - 1      |         |                              |   |   |   |   |                            |   |                     | ]  |  |              |
| NC OM   | -        |         |                              |   |   |   |   |                            |   |                     |  |  |              |
| M   | 1        | 3       | Gross profit. S              | ubtract <sub>(</sub> line               | ≥ 2 from line 1d                              | 3   |   |                            | • |                     | 3  | 16,3                                     | 322.         |
| Ε   |          |         |                              |   |   | erships, estates,                                   |   |                            |   |                     |  |  |              |
|   | - }      |         | •                            | •                                       |   |   |   |                            |   |                     |  |  |              |
|   | - 1      |         |                              | • • •                                   |   | F (Form 1040))<br>line 18                           |   |                            |   |                     | <del></del>                                      | 2 0                                      | )17.         |
|   | Ì        |         |                              |   | 14/5/, Faict,                                 | mie ia  | • |                            |   | <i></i>             | <del>                                     </del> |  | 111.         |
|   |          | 7       | Other income (               | (loss)                                  |   |   |   |                            |   |                     | 7  |  |              |
|   |          |         | (41144), 00,1044             | , |   |   |   | •                          |   |                     |  |  |              |
|   | - 1      | 8       | Total income (               | loss). Com                              | ibine lines 3 th                              | rough 7   | ,                                       |                            |   |                     | 8  | 18,3                                     | 39.          |
|   | s        |         |                              |   |   |   |   |                            |   |                     |  |  |              |
|   | E        | 9 :     | Salaries and w               | ages (othe                              | r than to partn                               | ers) (less employ                                   | ment credits).                          |                            |   |                     | 9  | 105,4                                    | 35.          |
|   | <u>.</u> | .10     | Guaranteed pag               | yments to                               | partners                                      |   |   |                            |   | · · · · · · · · · · | 10   | ·  |              |
| D   |          |         |                              |   |   | <u></u>   |   |                            |   |                     | 11   | ·  |              |
| E<br>D  | ii 1     |         |                              |   |   |   |   |                            |   |                     | 12   |  |              |
| Ū   | Ŧl       |         |                              |   |   |   |   |                            |   |                     | 13   | 23,4                                     |              |
| Ç,  | òΙ       |         |                              |   |   |   |   |                            |   |                     | 14   | 6,5                                      | 68.          |
| 1   | 21       |         |                              |   |   | . <i>;</i>  |   |                            |   |                     | 15   |  |              |
|   | FΪ       |         |                              |   |   | A and elsewhere                                     |   |                            | <del> </del>                            | 931.                | 16c  | <br>Q                                    | 31.          |
| S   | R .      |         |                              |   |   | pletion.)   |   |                            |   |                     | 17   |  | <u> </u>     |
| 1   | ı. I     |         |                              |   |   | · · · · · · · · · · · · · · · · · · ·               |   |                            |   |                     | 18   |  |              |
| 1   | ù Ì      |         | ,                            |   |   |   |   |                            |   | 1                   | 19   | 22,6                                     | 33.          |
|   | Ť        |         | Other deduction              |   |   |   |   |                            |   |                     |  |  |              |
|   | 4        | 20 (    | attach schedul               | le)                                     |   |   |   | SE                         | E STATEM                                | ENT.1               | 20   | 577,5                                    | <u>05</u> .  |
| - 1   | N .      |         |                              |   |   |   |   |                            |   | [                   |  |  |              |
| <u> </u>  | 5        | 21      | Total deduction              | is. Add the                             | amounts show                                  | vn in the far right                                 | column for lin                          | es 9 thro                  | ough 20                                 |                     | 21   | 736,5                                    | 03.          |
|   |          |         |                              |   |   |   |   |                            |   |                     | - 1  |  |              |
|   |          | 22 (    | <del>. ,</del>               |   |   | siness activities.                                  |   |                            |   |                     | 22   | -718,1                                   |              |
|   |          |         | Under penalties              | of perjury, 1 d<br>correct, and o       | eclare that I have e<br>complete. Declaration | examined this return, in<br>on of preparer (other t | ncluding accompan                       | ying sched<br>r or limited | Jules and statem                        | ents, and to        | the best of                                      | f my knowledge and                       | 1            |
| Sign  |          |         | which preparer h             |   |   | on or property (care a                              | ian gonorai paraio                      | 1                          | a nasing compa                          | ny mombory<br>I     | 70 00300 0                                       | THE REPORT OF                            |              |
| Here  |          |         | <b>&gt;</b>                  |   |   |   |   | 1,                         | <b>&gt;</b>                             | j                   | May the IR                                       | S discuss this return                    | . 1          |
|   |          |         | Signature of                 | general partne                          | er or limited liability                       | company member                                      |   |                            | Date                                    |                     | (see instrs)                                     | S discuss this return eparer shown below | No           |
|   | ·        |         | Drag cont                    | <b>/</b> /                              | 70  |   | Date /                                  | , +                        | <del></del>                             | Pro                 | parer's SS                                       |  | INO          |
| ם<br>היים   |          |         | Preparer's signature         | GA,                                     |   |   | 1/34/0                                  | 13 18                      | Check if self-                          | · XI P              | 003191   | .04                                      |              |
| Paid<br>Prep  |          | - P - C | Firm's name                  | CHAR                                    | LES F. CUI                                    | RCIO, CPA   |   |                            |   | 1                   |  |  |              |
| Use   | Ö'n      | ly      | (or yours if self-employed), |   | OX 549  |   |   |                            | <del></del>                             | EIN .               | 23-2   | 469983                                   |              |
|   | •        | -       | address, and<br>ZIP code     | BEL                                     | AIR, MD 2                                     | 1014  |   |                            |   | Phone no.           | (410)  |  | }            |

designated TMP

YORK,

NY 10022

|                    | Partners' Shares of Income, Credits, Deductions, etc  (a) Distributive share items  | (b)         | Total amount  |
|--------------------|---|-------------|---|
|                    | Ordinary income (loss) from trade or business activities (page 1, line 22)  | <del></del> | -718,164.   |
|                    | 2 Net income (loss) from rental real estate activities (attach Form 8825)   |             | 710,101.  |
|                    |   |             |   |
|                    | 3a Gross income from other rental activities. 3a  b Freeness from other rental activities (attach sch). 3b  |             | •   |
|                    | The Desire of the state of the |             |   |
|                    | c Net income (loss) from other rental activities. Subtract line 3b from line 3a   | 3c          |   |
|                    | 4 Portfolio income (loss): a Interest income  |             |   |
| Income             | <b>b</b> Ordinary dividends   |             |   |
| (Loss)             | c Royalty income  |             |   |
|                    | d Net short-term capital gain (loss) (attach Schedule D (Form 1065))  |             |   |
|                    | e (1) Net long-term capital gain (loss) (attach Schedule D (Form 1065))   | 4e (1)      | - Commence of the commence of |
|                    | (2) 28% rate gain (loss).   |             |   |
|                    | f Other portfolio income (loss) (attach schedule)   | 41          |   |
|                    | 5 Guaranteed payments to partners   | 5           |   |
|                    | 6 Net section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797)   | 6           | 4,297.  |
|                    | 7 Other income (loss)   | 7           |   |
|                    | 8 Charitable contributions (attach schedule)  |             |   |
| Deduc-             | 9 Section 179 expense deduction (attach Form 4562)  |             |   |
| tions              | 10 Deductions related to portfolio income (itemize)   |             |   |
|                    | 11 Other deductions   |             |   |
|                    | 12a Low-income housing credit:  |             |   |
|                    | (1) From partnerships to which section 42(j)(5) applies   | 12a(1)      |   |
| Credits            | (2) Other than on line 12a(1)   |             |   |
|                    | b Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)   | 12b         |   |
|                    | c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities  | 12c         |   |
| :                  | d Credits related to other rental activities  |             |   |
|                    | 13 Other credits  |             |   |
| Invest-            | 14a Interest expense on investment debts  |             |   |
| ment               | <b>b (1)</b> Investment income included on lines 4a, 4b, 4c, and 4f above   | 14b (1)     | ·   |
| Interest           | (2) Investment expenses included on line 10 above   | 14b (2)     |   |
| Self-              | 15a Net earnings (loss) from self-employment  | 15 a        |   |
| Employ-<br>ment    | <b>b</b> Gross farming or fishing income  | 15 b        |   |
| ment               | c Gross nonfarm income  |             |   |
| Adjust-            | 16a Depreciation adjustment on property placed in service after 1986  | 16a         | 204.  |
| ments              | b Adjusted gain or loss   | 16 b        | -476.   |
| and Tax<br>Prefer- | c Depletion (other than oil and gas)  | 16c         |   |
| ence               | d (1) Gross income from oil, gas, and geothermal properties   |             |   |
| tems į             | (-)   | 16d (2)     |   |
|                    | e Other adjmnts & tax pref items  | 16e         |   |
|                    | 17 a Name of foreign country or U.S. possession   |             |   |
|                    | b Gross income from all sources   |             |   |
|                    | c Gross income sourced at partner level   | 17c         |   |
|                    | d Foreign gross income sourced at partnership level:  |             |   |
|                    | (1) Passive (2) Listed categories (attach sch) (3) General limitation   | 17d (3)     |   |
| Foreign            | e Deductions allocated and apportioned at partner level:  |             |   |
| Taxes              | (1) Interest expense >(2)Other  | 17e (2)     |   |
|                    | f Deductions allocated and apportioned at partnership level to foreign source income:   |             | •   |
|                    | (1) Passive (2) Listed categories (attach sch) (3) General limitation   | 171 (3)     |   |
|                    | g Total foreign taxes (check one): ► Paid Accrued   | 17g         |   |
|                    | h Reduction in taxes available for credit (attach schedule)   | 17h         |   |
|                    | 18 Section 59(e)(2) expenditures: a Type ► b Amount ►   |             |   |
|                    | 19 Tax-exempt interest income   | 19          |   |
| Other              | 20 Other tax-exempt income  | 20          |   |
|                    |   | 21          | 133.  |
|                    | 22 Distributions of money (cash and marketable securities)  |             |   |
| {                  |   | 23          |   |
| , l                | 24 Other items and amounts required to be reported separately to partners   |             |   |
|                    | (attach schedule)   |             | and the second second   |

| For   | m 1865 (2002) WILLIAMS TECHN   | OLOGIES                    | LLC 73-              | -14]    | 1824     | 0  |                |                |                   | Page           |
|-------|--|----------------------------|----------------------|---------|----------|--|----------------|----------------|-------------------|----------------|
| An    | alysis of Net Income (Loss)  |                            |                      |         |          |  |                |                |                   |                |
|       |  | 1: 1 Ab                    |                      |         | - /b\ 1  |  |                |                | $\neg$            |                |
| ŀ     | Net income (loss). Combine Schedule K, sum of Schedule K, lines 8 through 11, 1                        | tines i thro               | ugn 7 in co<br>i 18h | iumn    | 1 (D). I | -rom the result, s                                 | ubtract th     | e 1            | - [               | -713,867       |
| •     |  | Individual                 |                      |         |          |  |                | , 1,           | vi) Nominee/Other |                |
|       |  | active)                    |                      | ssive)  |          | (IV) artificisi                                    |                | organization   |                   | THOMMIEC/Outer |
|       |  |                            | <del> </del>         |         |          | <del> </del>                                       |                | ···            | -+                |                |
|       | a General partners   | <del></del>                | <del> </del>         |         |          | <del> </del>                                       |                |                |                   |                |
|       | b Limited partners -713,867.   |                            | <u> </u>             |         |          | <del></del>  |                |                |                   |                |
| 100   | e: schedules L, M-1 and M-2 are not requir   |                            |                      |         |          |  |                |                |                   |                |
| \$ 13 | Balance Sheets per Books   |                            | Begir                | ning    | of tax   | k year   | L              | End            | of tax y          | /ear           |
|       | Assets   |                            | (a)                  |         |          | (b)  | L              | (c)            |                   | (d)            |
| 1     | Cash   |                            |                      |         | <u> </u> | 200.   |                |                |                   |                |
| 2     | a Trade notes and accounts receivable  | ]                          |                      |         |          |  |                |                | 33.7              |                |
|       | b Less allowance for bad debts   |                            |                      |         |          |  |                |                |                   |                |
| 3     |  | pir-residence in           |                      | de en s |          |  |                |                |                   |                |
| 4     | U.S. government obligations  |                            |                      |         |          |  |                |                |                   |                |
| 5     | Tax-exempt securities  |                            |                      |         | <b>-</b> |  |                |                |                   |                |
|       |  |                            |                      |         | <b></b>  |  |                |                |                   |                |
| 6     | Other current assets (attach schedule)   |                            |                      |         |          |  |                |                |                   | -              |
| 7     |  |                            |                      |         | ·        | 444 544  |                |                |                   | <del></del>    |
| 8     | Other investments (attach schedule) SEE . ST.  | j                          |                      |         |          | 441,514.   |                |                |                   |                |
|       | a Buildings and other depreciable assets   |                            | 7,6                  |         |          |  |                |                |                   |                |
|       | <b>b</b> Less accumulated depreciation   |                            | 1,1                  | 43.     |          | 6,460.   |                |                |                   |                |
| 10    | a Depletable assets  |                            |                      |         |          |  |                |                |                   |                |
|       | b Less accumulated depletion   |                            |                      |         |          |  |                |                |                   |                |
|       | Land (net of any amortization)   | PROFESSION OF THE PARTY OF |                      |         |          |  |                |                |                   |                |
|       | a Intangible assets (amortizable only)   |                            |                      |         |          |  | !              |                |                   |                |
|       | b Lèss accumulated amortization  |                            | ·····                |         |          |  |                | ~~~~           |                   |                |
|       | Other assets (attach schedule)   |                            |                      |         |          |  |                |                |                   |                |
|       | •  |                            |                      |         |          | 448,174.   |                |                | <b>-</b>          | 0.             |
| 14    |  | • • • • •                  |                      |         |          | 440,174.   |                |                |                   | U.             |
|       | Liabilities and Capital  |                            |                      |         |          | 5 001  |                |                |                   |                |
| 15    |  |                            |                      |         |          | 5,091.   |                |                | <u> </u>          |                |
| 16    | Mortgages, notes, bonds payable in less than 1 year.   |                            |                      |         |          |  |                |                |                   |                |
| 17    | Other current liabilities (attach sch)   |                            |                      |         |          |  |                |                |                   |                |
| 18    | All nonrecourse loans  |                            |                      |         |          |  |                |                |                   |                |
| 19    | Mortgages, notes, bonds payable in 1 year or more  |                            |                      |         |          |  |                |                |                   |                |
| 20    | Other liabilities (attach schedule) SEE . ST.  | . 3                        |                      |         |          | 1,271,805.   |                |                |                   | 1,542,722.     |
| 21    | Partners' capital accounts   |                            |                      |         |          | -828,722.  |                |                |                   | -1,542,722.    |
| 22    | Total liabilities and capital  |                            |                      |         |          | 448,174.   |                |                |                   | 0.             |
|       | Reconciliation of Inco   | me (Loss)                  | ner Boo              | ks l    | With     |  | ner Re         | turn           | <del></del>       |                |
| 1     | Net income (loss) per books  |                            | 14,000.              | 6       |          | ne recorded on books t                             |                |                | 7                 | <del></del>    |
| -     |  | } <del>-</del> -           | 14,000.              | 1 "     | on Sc    | chedule K, lines 1 thou                            | gh 7 (itemiz   | mojuaea<br>8): | ŀ                 |                |
| _     | Income included on Schedule K, lines 1 through 4, 6, and 7, not recorded on books this year (itemize): | Ì                          |                      | ) :     |          | exempt interest \$                                 |                | •              | j                 |                |
|       |  | )                          |                      | 1       |          |  |                |                | 7                 |                |
|       |  |                            |                      | _       |          |  |                |                |                   |                |
| 3     | Guaranteed pmts (other than health insurance)  |                            |                      | 7       | Dedu     | ctions included on Sch<br>17g, and 18b, not charge | edule K, line  | s 1 through 11 | .                 |                |
| 4     | Expenses recorded on books this year not included on Schedule K, lines 1 through 11, 14a, 17g, and     |                            |                      | 1       | year (   | (itemize):   | eu ayamsı in   | NOV INCOME THE | , ]               |                |
|       | on Schedule K, lines 1 through 11, 14a, 1/g, and 18b (itemize):  | }                          |                      |         |          | reciation\$_                                       |                |                | - }               |                |
|       | Depreciation \$  |                            |                      |         | •        | • • • • •  |                |                | 7                 |                |
| _     |  |                            |                      | 1       |          |  |                | ~~~~           | 7                 |                |
| _     | Provel and entertainment \$ 133.   |                            |                      | 8       | Add      | lines 6 and 7                                      |                |                |                   |                |
|       |  |                            | 133.                 | 9       |          | ne (loss) (Analysis of N                           | ,              |                |                   |                |
|       | Add lines 1 through 4  |                            | 3,867.               |         | Subtr    | act line 8 from line 5.                            |                | /, IIIIV 1).   | 1                 | -713,867.      |
|       | Analysis of Partners' C  | Capital Acc                | counts               |         |          |  |                |                |                   |                |
|       | Balance at beginning of year   |                            | 8,722.               | 6       | Distr    | ibutions: a Cash                                   |                |                | .T                |                |
|       |  |                            |                      |         |          |  |                |                |                   |                |
|       | <b>b</b> Property  |                            |                      | 7       | Other    | decreases (itemize):                               | -              |                |                   | <del></del>    |
| 3     | Net income (loss) per books  | -71                        | 4,000.               |         |          | · ·  |                |                | 7                 |                |
|       | Other increases (itemize):   |                            |                      |         |          |  |                |                | 7                 |                |
|       |  |                            |                      | 8       | Add      | lines 6 and 7                                      |                |                | E                 |                |
| 5     | Add lines 1 through 4  | -1,54                      | 2,722.               | 9       | Baland   | ce at end of year. Subt                            | ract line 8 fr | om line 5      |                   | -1,542,722.    |

#### Schedule K-1 (Form 1065)

### Partner's Share of Income, Credits, Deductions, etc

| OMB | Mo  | 1545-009 |
|-----|-----|----------|
| OMB | NO. | 1343-003 |

2002

| •                          | j         | For calendar year 2002 or tax yea |
|----------------------------|-----------|-----------------------------------|
| Department of the Treasury | hegianing | 2002 and ending                   |

| (a) Distributive share item (b) Amount (c) 1040 filers enter the amount in column (b) on:  1   | mileman re  | verius Service                                   | beginning                                  | , ZOUZ, and                       | chaing                                   |                                | , 20                      |  |  |  |
|--|---|--|--|-----------------------------------|--|--------------------------------|---------------------------|--|--|--|
| ENREGY MERCHANT HOLDING INC  126 EAST SOTH STREET, 33 FLOOR  NEW YORK, NY 10022  A This partner is a general partner    Reference   Refere | Partner'  | Partner's identifying number ► 13-4104912        |  |                                   |  |                                |                           |  |  |  |
| 126 EAST 56TH STREET, 33 FLOOR   126 EAST 56TH STREET, 35 EAST 56TH STREET, 35 EAST 56TH STREET, 35 EAST 56TH STREET, 35 EAST 56TH STREET, 35 EAST 56TH STREET, 35 EAST 56TH STREET, 35 EAST 56TH STREET, 35 EAST 56TH STREET, 35 EAS   |   |  |  |                                   |  |                                |                           |  |  |  |
| Montrecourse   S   Separation   Nonrecourse   S   Separation   Nonrecourse   S   Separation      | 126 E   | 126 EAST 56TH STREET, 33 FLOOR                   |  |                                   |  | 126 EAST 56TH STREET, 33 FLOOR |                           |  |  |  |
| B What type of entity is this partner? ➤ CORPORATION  C Is this partner a ⊠ domestic or a   Green partner?  D Enter partner's % of: 01 Peter charge or (ii) End or (iii) End   |   |  |  |                                   |  |                                |                           |  |  |  |
| C Is this partner a   X  domestic or a   |   |  |  | ON                                | Nonr                                     | Nonrecourse                    |                           |  |  |  |
| D Enter partners % cit. (0) ***Schafflage** (0) ***Schafflage** (1) ***Schafflage** (1) ***Schafflage** (1) ***Schafflage** (2) ***Schafflage** (3) ***Schafflage** (3) ***Schafflage** (3) ***Schafflage** (4) ***Schafflage** (3) ***Schafflage  |   |  |  |                                   | Quali                                    | ified nor                      | recourse financing        | ·····  |  |  |
| Profit sharing   | C is the  | is partner a [X] dome                            | estic or atoreign partner                  | ?<br>nd of                        | Other                                    | r                              |                           | \$   |  |  |
| Loss sharing   | D Enter partner's % of: (1) Stermination (11) Year (11) G 1 |  |  |                                   | Glaxs                                    | shelter r                      | egistration number 🚬      |  |  |  |
| E Ris Center where partmershy filed return: OLDER, UT   1 Check applicable boxes: (1) [X,Final K-1 (2)   Amended K-1 J Analysis of partner's capital account:  (a) Capital account at beginning of year   (b) Capital contributed during year   (c) Partner's share of lines 3, 4, and 7; Form 1055, Schedule M-2   (d) Withdrawals and distributions   (e) Capital account at end of year (combine columns (a) through (d))   (e) Total (a) Partner ( | Profit sharing 0 % 100 % H                                  |  |  |                                   | H Chec                                   | k here i                       | f this partnership is a p | oublicly traded partnership 👝                            |  |  |
| E Ris Center where partmershy filed return: OLDER, UT   1 Check applicable boxes: (1) [X,Final K-1 (2)   Amended K-1 J Analysis of partner's capital account:  (a) Capital account at beginning of year   (b) Capital contributed during year   (c) Partner's share of lines 3, 4, and 7; Form 1055, Schedule M-2   (d) Withdrawals and distributions   (e) Capital account at end of year (combine columns (a) through (d))   (e) Total (a) Partner ( | Loss  | sharing  | <u>0</u>                                   | TOO &                             | as de                                    | efined in                      | section 469(k)(2)         |  |  |  |
| Analysis of partner's capital account:  (a) Capital account at beginning of year   (b) Capital contributed during year   (c) Partner's share of lines 3, 4, and 7, Form 1055, Schedule M-2   (c) Partner's share of distributions   (e) Capital account at end of year (combine columns (a) through (d))   | Owner   | rship of capital                                 |  | 100 &                             |  |                                |                           |  |  |  |
| (a) Capital account at beginning of year by an increase of during year by an increase of form 1056, Schedule M-2 by an increase of through (01) with provided of the common of distributions (2) through (01) and  |   |  |  |                                   | I Chec                                   | k applic                       | able boxes: (1)  X F      | inal K-1 (2)   Amended K-1                               |  |  |
| beginning of year   during year   lines 3, 4, and 7, Form 1065. Schedule M-2   Vear (combine columns (a) through (df)  | J An  | alysis of partner's car                          | oital account:                             |                                   |  |                                |                           |  |  |  |
| (a) Distributive share item (b) Amount (c) 1040 filers enter the amount in column (b) on:  1   | <b>(a)</b> (be  | Capital account at eginning of year              | <b>(b)</b> Capital contributed during year | (c) Partn<br>lines 3<br>Form 1065 | ner's share<br>3, 4, and 7<br>i, Schedul | e of<br>e M-2                  |                           | year (combine columns (a)                                |  |  |
| 1 Ordinary income (loss) from trade or business activities.   1  |   | -828,722.  |  |                                   | -714                                     | ,000.                          |                           | -1,542,722.  |  |  |
| 2 Net income (loss) from rental real estate activities   2   See Partner's Instructions for Schedule K-1 (Form 1065).  |   |  |  |                                   |  |                                | (b) Amount                | (c) 1040 filers enter the amount in column (b) on:       |  |  |
| Income (Loss) In |   | 1 Ordinary income                                | e (loss) from trade or busines             | ss activities                     |  | 1                              | -718,164.                 |  |  |  |
| Income (Loss) Income (Loss)  a Interest. b Ordinary dividends. c Royalties d Net short-term capital gain (loss). e (1) Net long-term capital gain (loss). e (1) Net long-term capital gain (loss). e (1) Net long-term capital gain (loss). e (1) Net long-term capital gain (loss). e (1) Net long-term capital gain (loss). e (1) Net long-term capital gain (loss). e (2) 28% rate gain (loss). f (2) 28% rate gain (loss). f (2) 28% rate gain (loss). f (2) 28% rate gain (loss). f (2) 28% rate gain (loss). f (3) Qualified 5-year gain. f (2) 28% rate gain (loss) (latach schedule). f (3) Qualified 5-year gain. f (2) 28% rate gain (loss) (latach schedule). f (3) Qualified 5-year gain. f (2) 28% rate gain (loss) (latach schedule). f (3) Qualified 5-year gain. f (4e(3)  |   | 1  |  |                                   |  | 2                              |                           |  |  |  |
| A Interest   A I   |   | 3 Net income (loss) from other rental activities |  |                                   |  | 3                              |                           | Schedale N-1 (Form 1005).                                |  |  |
| A Interest   A I   |   |  |  |                                   |  |                                |                           |  |  |  |
| Comparison of    | Income  | 1  |  |                                   | <i>.</i>                                 | 4a                             |                           | Schedule B. Part I. line 1                               |  |  |
| c Royalties d Net short-term capital gain (loss). 4d Schedule E, Part I, line 4 d Net short-term capital gain (loss). 4d(1) Schedule D, line 12, column (f) e (1) Net long-term capital gain (loss). 4e(1) Schedule D, line 12, column (f) (2) 28% rate gain (loss) 4e(2) Schedule D, line 12, column (g) (3) Qualified 5-year gain. 4e(3) Line 5 of worksheet for Sch D, line 29 f Other portfolio income (loss) (attach schedule). 4f Enter on applicable in of your return 5 Guaranteed payments to partner. 5  Net section 1231 gain (loss) (other than due to casualty or theft). 5  7 Other income (loss) (attach schedule). 7  8 Charitable contributions (see instructions) (attach schedule). 8 Schedule K-1 (Form 1065). 7  8 Charitable contributions (see instructions) (attach schedule). 8 Schedule K-1 (Form 1065). 7  10 Deductions related to portfolio income (attach schedule). 10 See Partner's Instructions for Schedule K-1 (Form 1065). 7  Credits  Credits  Credits (Other than on line 12a(1). 12a(2)  - Form 8586, line 5  See Partner's Instructions for Schedule K-1 (Form 1065). 7  See Partner's Instructions for Schedule K-1 (Form 1065). 7  See Partner's Instructions for Schedule K-1 (Form 1065). 7  See Partner's Instructions for Schedule K-1 (Form 1065). 7  See Partner's Instructions for Schedule K-1 (Form 1065). 7  See Partner's Instructions for Schedule K-1 (Form 1065). 7  See Partner's Instructions for Schedule K-1 (Form 1065). 7  See Partner's Instructions for Schedule K-1 (Form 1065). 7  See Partner's Instructions for Schedule K-1 (Form 1065). 7  See Partner's Instructions for Schedule K-1 (Form 1065). 7  See Partner's Instructions for Schedule K-1 (Form 1065). 7  See Partner's Instructions for Schedule K-1 (Form 1065). 7  See Partner's Instructions for Schedule K-1 (Form 1065). 7  See Partner's Instructions for Schedule K-1 (Form 1065). 7  See Partner's Instructions for Schedule K-1 (Form 1065). 7  See Partner's Instructions for Schedule K-1 (Form 1065). 7  See Partner's Instructions for Schedule K-1 (Form 1065). 7  See Partner's | (Loss)  | <b>b</b> Ordinary divider                        | nds  |                                   |  | 4b                             |                           | 1  |  |  |
| d Net short-term capital gain (loss).  e (1) Net long-term capital gain (loss).  (2) 28% rate gain (loss).  (3) Qualified 5-year gain.  f Other portfolio income (loss) (attach schedule).  7 Other income (loss) (attach schedule).  8 Charitable contributions (see instructions) (attach schedule).  7 Other income (loss) (attach schedule).  8 Charitable contributions (see instructions) (attach schedule).  8 Charitable contributions (see instructions) (attach schedule).  8 Charitable contributions (see instructions) (attach schedule).  9 Section 179 expense deduction.  10 Deductions elated to portfolio income (attach schedule).  11 Other deductions (attach schedule).  12 a Low-income housing credit:  (1) From section 42(j)(5) partnerships.  (2) Other than on line 12a(1).  12 a Cedits (other than credits shown on lines 12a and 12b) related to rental real estate activities.  12 d Credits related to other rental activities.  12 d Credits related to other rental activities.  12 d Credits related to other rental activities.  12 d Credits related to other rental activities.  12 d Credits related to other rental activities.  12 d Credits related to other rental activities.  12 d Schedule D, line 12, column (f)  Schedule D, line 12, column (g)  Line 5 of worksheet for Sch D, line 29  Schedule D, line 12, column (g)  Line 5 of worksheet for Sch D, line 29  Schedule K, ine 5 or Schedule K, ine 5 or Schedule K, ine 15 or 16  4 (2) Other than on line 12a(1).  Schedule K, ine 15 or 16  Schedule |   | 1  |  |                                   |  |                                |                           | 1  |  |  |
| e (1) Net long-term capital gain (loss).  (2) 28% rate gain (loss).  (3) Qualified 5-year gain.  (4e(3)  (3) Qualified 5-year gain.  (4e(3)  (4e(4)  (4e(3)  (4e(3)  (4e(4)  (4e(3)  (4e(4)  (4e(3)  (4e(4)  (4e(3)  (4e(4)  (4e(4)  (4e(3)  (4e(4)  (4e(4)  (4e(3)  (4e(4)  (4e(4)  (4e(4)  (4e(3)  (4e(4)  ( |   | 1  |  |                                   | ,  |                                |                           |  |  |  |
| (2) 28% rate gain (loss)   |   | 1  |  |                                   | ~ 1                                      | 4e(1)                          |                           | 1  |  |  |
| (3) Qualified 5-year gain.  (4e(3)  (5)  (6)  (7)  (8)  (8)  (8)  (9)  (9)  (1)  (1)  (1)  (1)  (2)  (1)  (2)  (1)  (2)  (1)  (2)  (1)  (2)  (1)  (2)  (1)  (2)  (1)  (2)  (1)  (2)  (1)  (2)  (3)  (1)  (3)  (1)  (3)  (1)  (1)  (1   | •   | 1  |  |                                   |  |                                |                           | 1  |  |  |
| f Other portfolio income (loss) (attach schedule)  5 Guaranteed payments to partner  6 Net section 1231 gain (loss) (other than due to casualty or theft).  7 Other income (loss) (attach schedule)  8 Charitable contributions (see instructions) (attach schedule).  8 Charitable contributions (see instructions) (attach schedule).  9 Section 179 expense deduction  10 Deductions related to portfolio income (attach schedule).  11 Other deductions (attach schedule).  12 a Low-income housing credit:  (1) From section 42(j)(5) partnerships.  (2) Other than on line 12a(1).  12a(2)  5 See Partner's Instructions for Schedule K-1 (Form 1065).  12a(1)  Credits  C Credits (other than credits shown on lines 12a and 12b)  related to rental real estate activities.  12 d Credits related to other rental activities.  12 d Credits related to other rental activities.  13 Other credits.   |   |  |  |                                   |  |                                |                           |  |  |  |
| 5 Guaranteed payments to partner.  6 Net section 1231 gain (loss) (other than due to casualty or theft).  7 Other income (loss) (attach schedule).  7 Enter on applicable in of your return  8 Charitable contributions (see instructions) (attach schedule).  8 Charitable contributions (see instructions) (attach schedule).  9 Section 179 expense deduction.  10 Deductions related to portfolio income (attach schedule).  11 Other deductions (attach schedule).  12 a Low-income housing credit:  (1) From section 42(j)(5) partnerships.  (2) Other than on line 12a(1).  12a(2)  13 Other credits.  5 Augustified rehabilitation expenditures related to rental real estate activities.  12c  d Credits related to other rental activities.  13 Other credits.   |   |  |  |                                   |  |                                |                           | '  |  |  |
| 6 Net section 1231 gain (loss) (other than due to casualty or theft).  7 Other income (loss) (attach schedule).  8 Charitable contributions (see instructions) (attach schedule).  9 Section 179 expense deduction.  10 Deductions related to portfolio income (attach schedule).  11 Other deductions (attach schedule).  12 a Low-income housing credit:  (1) From section 42(j)(5) partnerships. (2) Other than on line 12a(1).  12a(2)  Credits  12b  Credits  Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities.  12c  d Credits related to other rental activities.  13 Other credits.  13 Other credits.   |   | P  | •  |                                   |  |                                |                           |  |  |  |
| 7 Other income (loss) (attach schedule) 7 Enter on applicable In of your return  8 Charitable contributions (see instructions) (attach schedule) 8 Schedule A, line 15 or 16  9 Section 179 expense deduction 9  10 Deductions related to portfolio income (attach schedule) 10  11 Other deductions (attach schedule) 11  12 a Low-income housing credit: (1) From section 42(j)(5) partnerships 12a(1) (2) Other than on line 12a(1) Form 8586, line 5  Credits  Credits  Credits c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities 12c  d Credits related to other rental activities 12d  13 Other credits 13  |   | 6 Net section 123                                | 1 gain (loss) (other than due              | to casualty                       | ļ  | 6                              | 4 297                     | See Partner's Instructions for Schedule K-1 (Form 1065). |  |  |
| 8 Charitable contributions (see instructions) (attach schedule).  9 Section 179 expense deduction. 9 10 Deductions related to portfolio income (attach schedule). 11 Other deductions (attach schedule). 11 2 a Low-income housing credit: (1) From section 42(j)(5) partnerships. (2) Other than on line 12a(1).  12a(2)  Credits  12b  C Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities. 12c d Credits related to other rental activities. 12d 13 Other credits.  15 See Partner's Instructions for Schedule K-1 (Form 1065).  |   |  |  |                                   |  |                                |                           | Enter on applicable to of your return                    |  |  |
| Peductions   Peductions related to portfolio income (attach schedule).   10   See Partner's Instructions for Schedule K-1 (Form 1065).   |   |  |  |                                   |  |                                | <del></del>               |  |  |  |
| tions  10 Deductions related to portfolio income (attach schedule).  11 Other deductions (attach schedule).  12 a Low-income housing credit:  (1) From section 42(j)(5) partnerships. (2) Other than on line 12a(1).  12a(2)  12a(2)  Credits  Credits  Credits  Credits  Credits c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities.  12 d Credits related to other rental activities.  12 d Credits related to other rental activities.  13 Other credits.  10 See Partner's Instructions for Schedule K-1 (Form 1065).  | Deduc-  | 1  | ,    |                                   | }  |                                | <del></del>               | 7  |  |  |
| 11 Other deductions (attach schedule).  12 a Low-income housing credit:  (1) From section 42(j)(5) partnerships. (2) Other than on line 12a(1).  12a(2)  12a(1)  Credits  Credits  Credits  Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities. 12c d Credits related to other rental activities. 13  Other credits 11  Form 8586, line 5  See Partner's Instructions for Schedule K-1 (Form 1065).  | tions   | 1  |  |                                   |  |                                | <del></del>               |  |  |  |
| 12a Low-income housing credit:   (1) From section 42(j)(5) partnerships   12a(1)     Form 8586, line 5   |   | 1  |  |                                   |  |                                |                           | Schedule K-1 (Form 1065).                                |  |  |
| (1) From section 42(j)(5) partnerships   |   | ·  |  |                                   |  | ويحموهن                        |                           |  |  |  |
| Credits    Credits   Description   Descripti |   | (  | •  | :                                 |  |                                |                           | <del>1</del>   |  |  |
| Credits  b Qualified rehabilitation expenditures related to rental real estate activities.  c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities.  d Credits related to other rental activities.  12c d Credits related to other rental activities.  13 Other credits.   |   | 1  |  |                                   |  |                                |                           | - Form 8586, line 5                                      |  |  |
| c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities   | Credits   | <b>b</b> Qualified rehabil                       | litation expenditures related t            | o rental real                     | ļ  |                                |                           |  |  |  |
| related to rental real estate activities   | -, • wild   | 1  |  |                                   | <u>}=</u>                                |                                |                           | See Partner's Instructions for                           |  |  |
| d Credits related to other rental activities   |   |  |  |                                   | r  |                                |                           | Schedule K-1 (Form 1065).                                |  |  |
| 13 Other credits   |   |  |  |                                   |  |                                |                           | }  |  |  |
|  |   |  |  |                                   | · · · · · ·                              |                                |                           |  |  |  |
|  | RAA For   |  |  |                                   |  | <u>.~</u> _1                   | t                         | chedule <b>K-1</b> (Form 1065) 2002                      |  |  |

PTPA0312L 12/27/02

## Schedule K-1

#### Partner's Share of Income, Credits, Deductions, etc

OMB No. 1545-0099

2002

(Form 1065)

For calendar year 2002 or tax year

| Departmen<br>Internal Re                   | t of the Treasury<br>venue Service           | beginning                                | , 2002, and                       |   |                                      | , 20                              |  |  |  |
|--|--|--|-----------------------------------|---|--------------------------------------|-----------------------------------|--|--|--|
| Partner's identifying number ► 363-42-0523 |  |  |                                   |   |                                      | dentifying number 🟲               | 73-1418240   |  |  |
|  | ame, address, and ZIP coo                    |  |                                   | Partnership's name, address, and ZIP code   |                                      |                                   |  |  |  |
| 5430                                       | J BROLICK<br>EAST 103RD P<br>, OK 74137      | LACE                                     |                                   | WILLIAMS TECHNOLOGIES LLC<br>126 EAST 56TH STREET, 33 FLOOR<br>NEW YORK, NY 10022 |                                      |                                   |  |  |  |
|  | partner is a g                               | -  | partner                           | F Partner's share of liabilities (see instructions):                              |                                      |                                   |  |  |  |
|  | limited liability con                        |  | _                                 | Nonrecourse \$  |                                      |                                   |  |  |  |
|  |  | s partner? LINDIVIDUA                    |                                   | Qualified nonrecourse financing\$   |                                      |                                   |  |  |  |
|  | s partner a X don                            | nestic or a foreign partner              | r?                                | Other   |                                      |                                   |  |  |  |
|  |  |  | Jean .                            | G Tax shelter registration number ►   |                                      |                                   |  |  |  |
| Profi                                      | Profit sharing 0 % 0 %                       |  |                                   |   | k here                               | if this partnership is a p        | oublicly traded partnership  |  |  |
| Loss                                       | snaring                                      | °  | 0%                                | as de   | efined in                            | n section 469(k)(2)               |  |  |  |
| Owner                                      | ship of capital                              | <u>U</u>                                 | 0%                                |   |                                      | E==3                              | <u></u>  |  |  |
|  |  | led return: OGDEN, UT                    |                                   | I Chec  | k applic                             | cable boxes: (1)  X F             | inal K-1 (2) Amended K-1   |  |  |
| J An                                       | alysis of partner's c                        | apital account:                          | <del></del>                       |   |                                      | <del></del>                       | -  |  |  |
| (a) (<br>be                                | Capital account at<br>ginning of year        | (b) Capital contributed during year      | (c) Partr<br>lines 3<br>Form 1065 | er's share<br>3, 4, and 7<br>, Schedule   | e M-2                                | (d) Withdrawals and distributions | (e) Capital account at end of year (combine columns (a) through (d)) |  |  |
|  | 0  |  |                                   | <del></del>   |                                      | ,                                 | 0.   |  |  |
|  | (  | (a) Distributive share item              | -                                 |   |                                      | (b) Amount                        | (c) 1040 filers enter the amount in column (b) on:                   |  |  |
|  | 1 Ordinary inco                              | me (loss) from trade or busine           | ess activities.                   |   | 1                                    |                                   |  |  |  |
|  | · ·  | ) from rental real estate activities     |                                   | ,   |                                      |                                   | See Partner's Instructions for Schedule K-1 (Form 1065).             |  |  |
|  | , ,  | from other rental activities             |                                   |   |                                      |                                   | Schedule N-1 (Forth 1005).   |  |  |
|  | 4 Portfolio incor                            |  |                                   |   | ପ୍ରମୟକ୍ତ ହେଉଛି ।<br>ପ୍ରମୟକ୍ତ ହେଉଛି । |                                   |  |  |  |
| Income                                     | j .  |  |                                   | Schedule B, Par   |                                      |                                   | Schedule B, Part I, line 1   |  |  |
| (Loss)                                     | 1  | lends                                    |                                   |   |                                      |                                   | Schedule B, Part II, line 5  |  |  |
|  |  | **********                               |                                   |   |                                      |                                   | Schedule E, Part I, line 4   |  |  |
|  | 3  | n capital gain (loss)                    |                                   |   |                                      |                                   | Schedule D, line 5, column (f)                                       |  |  |
|  | ł  | term capital gain (loss)                 |                                   |   |                                      |                                   | Schedule D, line 12, column (f)                                      |  |  |
|  |  | gain (loss)                              |                                   |   |                                      |                                   | Schedule D, line 12, column (g)                                      |  |  |
|  | , -  | -<br>5-year gain                         |                                   |   |                                      |                                   |  |  |  |
|  |  | come (loss) (attach schedule)            |                                   |   |                                      |                                   | Enter on applicable in of your return                                |  |  |
|  | 5 Guaranteed pa                              | ayments to partner                       |                                   | [   | 5                                    |                                   |  |  |  |
|  | 6 Net section 12 or theft)                   | 231 gain (loss) (other than due          | to casualty                       |   | 6                                    | -                                 | See Partner's Instructions for Schedule K-1 (Form 1065).             |  |  |
|  |  | (loss) (attach schedule)                 |                                   |   | 7                                    |                                   | Enter on applicable in of your return                                |  |  |
|  |  | utions (see instructions) (attach schedu |                                   |   | 8                                    |                                   | Schedule A, line 15 or 16  |  |  |
| Deduc-                                     |  | xpense deduction                         |                                   | P-  | 9                                    |                                   |  |  |  |
| tions                                      |  | to portfolio income (attach schedule).   |                                   | -   | 10                                   |                                   | See Partner's Instructions for Schedule K-1 (Form 1065).             |  |  |
|  |  | (attach schedule)                        |                                   |   | 11                                   |                                   | Schedule N-1 (FORM 1005).  |  |  |
|  | 12a Low-income h                             |  |                                   |   | 5.                                   |                                   |  |  |  |
|  | (1) From sect                                | ion 42(j)(5) partnerships                |                                   |   | 12a(1)                               |                                   | 7 - 0506 5 -   |  |  |
|  | (2) Other than                               | on line 12a(1)                           |                                   | [   | 12a(2)                               |                                   | Form 8586, line 5  |  |  |
| Credits                                    | <b>b</b> Qualified rehal<br>estate activitie | bilitation expenditures related          | to rental real                    | [   | 12b                                  |                                   | 7  |  |  |
| ì  | c Credits (other                             | than credits shown on lines 12           | a and 12b)                        |   |                                      |                                   | See Partner's Instructions for                                       |  |  |
|  | related to rent                              | al real estate activities                |                                   | [   | 12c                                  |                                   | Schedule K-1 (Form 1065).  |  |  |
| [  | d Credits related                            | I to other rental activities             |                                   |   | 12d                                  |                                   | 1  |  |  |
|  | 13 Other credits                             |  |                                   |   | 13                                   |                                   |  |  |  |

BAA For Paperwork Reduction Act Notice, see Instructions for Form 1065.

Schedule K-1 (Form 1065) 2002

## Form 4797

OMB No. 1545-0184 2002

27

Form 4797 (2002)

Department of the Treasury Internal Revenue Service

Name(s) shown on return

BAA For Paperwork Reduction Act Notice, see instructions.

Sales of Business Property
(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

Attach to your tax return. See separate instructions.

identifying number

| WI       | LLIAMS TECHNOLOGIES LLC  |                                      |   |   |  | 73-1418                                | 3240   |  |
|----------|--|--------------------------------------|---|---|--|--|--|--|
| 1        | Enter the gross proceeds from sales of (or substitute statement) that you are  | or exchanges re<br>including on lin  | ported to you fo<br>e 2, 10, or 20 (s   | or 2002 on Form(s<br>see instructions). | s) 1099-B or 1099  | )-S<br>1                               |  |  |
|          | Sales or Exchanges of P Than Casualty or Theft   | roperty Used<br>- Most Prope         | d in a Trade (<br>erty Held Mo          | or Business a<br>re Than 1 Yea          | nd Involuntar<br>r (See instruc                                  | y Conve                                | rsions   | From Other   |
| 2        | (a) Description of property  | (b) Date acquired (month, day, year) |   | (d) Gross sales<br>price                | (e) Depreciation<br>allowed or<br>allowable since<br>acquisition | (f) Cost of basis, improvement expense | plus<br>ents and                                 | (g) Gain or (loss)<br>Subtract (f) from<br>the sum of<br>(d) and (e) |
|          |  |                                      |   |   |  |  |  |  |
|          |  |                                      |   |   |  |  |  |  |
|          |  |                                      |   |   |  |  |  |  |
|          |  |                                      |   |   |  | <u> </u>                               |  |  |
| 3        | Gain, if any, from Form 4684, line 39.   |                                      |   |   |  |  |  |  |
| 4        | Section 1231 gain from installment sa  | les from Form 6                      | 252, line 26 or                         | 37                                      |  | <b>.</b>                               | 4  |  |
| 5        | Section 1231 gain or (loss) from like-k  |                                      |   |   |  |  |  | 4 007  |
| 6        | Gain, if any, from line 32, from other t   | han casualty or                      | thett                                   |   | •                          |  | . 6  | 4,297  |
| 7        | Combine lines 2 through 6. Enter the   | gain or (loss) he                    | ere and on the a                        | opropriate line as                      | s follows  |  | . 7  | 4,297.   |
|          | Partnerships (except electing large pa<br>the instructions for Form 1065, Schedu<br>and 12 below.                                | •                                    |   |   |  |  |  |  |
|          | All others. If line 7 is zero or a loss, en line 7 is a gain and you did not have a year, enter the gain from line 7 as a loss.  | ny prior year se<br>ong-term capital | ction 1231 loss<br>gain on Schedi       | es, or they were rule D and skip line   | recaptured in an e<br>es 8, 9, 11, and 1                         | 9. If<br>earlier<br>2 below.           |  |  |
| 8        | Nonrecaptured net section 1231 losses  |                                      | -                                       | •                                       |  |  | . 8  | <del></del>  |
| 9        | Subtract line 8 from line 7. If zero or le<br>If line 9 is more than zero, enter the a<br>long-term capital gain on Schedule D ( | mount from line                      | 8 on line 12 be                         | low and enter the                       | e gain from line 9   | as a                                   | 9  |  |
|          | Ordinary Gains and Loss  |                                      |   | ·                                       |  |  |  | · · · · · · · · · · · · · · · · · · ·                                |
| 10       | Ordinary gains and losses not included   | on lines 11 thre                     | ough 17 (include                        | e property held 1                       | year or less):   |  |  | <del></del>  |
|          |  |                                      |   |   |  |  |  |  |
| <u> </u> |  |                                      |   |   |  |  |  | <del></del>  |
|          |  |                                      |   |   |  |  |  |  |
| 11       | Loss, if any, from line 7  | 1                                    | <u></u>                                 | 1                                       | <del> </del>   | 1                                      | <del>,                                    </del> |  |
|          | Gain, if any, from line 7 or amount from   |                                      |   |   |  |  |  | <del></del>  |
|          | Gain, if any, from line 31   |                                      |   |   |  |  |  | 2,017.   |
|          | Net gain or (loss) from Form 4684, line  |                                      |   |   |  |  |  | 2,011.   |
|          | Ordinary gain from installment sales from  |                                      |   |   |  |  |  |  |
|          | Ordinary gain or (loss) from like-kind e   |                                      |   |   |  | h                                      |  |  |
| 17       | Recapture of section 179 expense deductions by partnerships and S corp   | uction for partne                    | ers and S corpor                        | ration shareholde                       | rs from property   | 17                                     | ,  |  |
|          | Combine lines 10 through 17. Enter the   |                                      |   |   |  |  |  | 2,017.   |
|          | For all except individual returns. Enter   |                                      |   |   |  |  | the part own                                     |  |
|          | For individual returns:  |                                      |   |   | =  |  |  |  |
|          | (1) If the loss on line 11 includes a loss<br>here. Enter the part of the loss from<br>and the part of the loss from prope       | n income-produc<br>rtv used as an e  | cing property or<br>emplovee on Sc      | n Schedule A (For<br>hedule A (Form 1   | rm 1040), line 27,<br>040), line 22, Ide                         | ntify                                  |  |  |
|          | as from Form 4797, line 18b(1). So   | ee instructions.                     | • | · · · • · · · · · · · · · · · · · · · · |  | 18                                     | P(I)   | <del></del>  |
|          | (2) Redetermine the gain or (loss) on li   | ine 18 excluding                     | the loss, if any                        | , on line 18b(1).                       | Enter here and o   | n   10                                 | h (2)  | •  |

| Form 4/97 (2002) WILLIAMS IECHIN  |                            |  | 4000 4054        | 1.40   |              | 73-1410.                     | 240                                  | raye           |
|---|----------------------------|--|------------------|--------|--------------|------------------------------|--------------------------------------|----------------|
| Gain From Disposition of Pro  | perty Und                  | er Sections 1245, 1250                     | , 1252, 1254, ar | 1d 12. | 55           | 10.5                         |                                      |                |
| 19(a) Description of section 1245, 1250,  | 1252, 1254                 | , or 1255 property:                        |                  |        | •            | (b) Date acqu<br>(mo, day, ) | uired <b>(c)</b> Date<br>(r) (mo, da | sold<br>y, yr) |
| A OFFICE EQUIPMENT  |                            | ······································     |                  |        |              | 4/01/01                      | 6/01/0                               |                |
| В   |                            |  |                  |        |              |                              |                                      |                |
| С   |                            |  |                  |        |              |                              |                                      |                |
| D   |                            |  |                  |        |              |                              |                                      |                |
| These columns relate to the properties of 19A through 19D   | ilines                     | Property A                                 | Property E       | 3      |              | Property C                   | Property                             | D              |
| 20 Gross sales price (Note: See line 1  |                            | 11 000                                     |                  |        | Ì            |                              |                                      |                |
| before completing.)   |                            | 11,900.<br>7,603.                          |                  |        |              | <del></del>                  | <del> </del>                         |                |
| 22 Depreciation (or depletion) allowed or allowable   | <del></del>                | 2,017.                                     |                  |        | <del> </del> |                              | <u> </u>                             |                |
| 23 Adjusted basis. Subtract line 22 from line 21.   |                            | 5,586.                                     |                  |        | <del> </del> |                              |                                      |                |
| 24 Total gain, Subtract line 23 from line 20.   | <del></del>                | 6,314.                                     |                  |        | 1            | ·                            | <del> </del>                         |                |
| 25 If section 1245 property:  |                            |  |                  |        | 1            | <del></del>                  |                                      |                |
| a Depreciation allowed or allowable from line 22.   |                            | 2,017.                                     |                  |        |              | ······                       | <del> </del>                         |                |
| b Enter the smaller of line 24 or 25a.  |                            | 2,017.                                     |                  |        |              | <del></del>                  | <del> </del>                         |                |
| 26 If section 1250 property: If straight<br>line depreciation was used, enter -0-<br>on line 26g, except for a corporation<br>subject to Section 291.                             |                            |  | ·                |        |              | ·                            |                                      |                |
| a Additional depreciation after 1975 (see instrs).     b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)                                | ,                          | <del>-</del>                               |                  |        |              |                              |                                      | <del></del>    |
| c Subtract line 26a from line 24. If residential rer<br>property or line 24 is not more than line 26a,<br>skip lines 26d and 26e  | <b></b>                    |  | ,                |        |              |                              |                                      |                |
| d Additional depreciation after 1969 & before 1979  | <del></del>                |  |                  |        | 1            |                              |                                      |                |
| e Enter the smaller of line 26c or 26d.   |                            |  |                  |        |              |                              |                                      |                |
| f Section 291 amount (corporations only)  | 26f                        |  |                  |        |              |                              |                                      |                |
| g Add lines 26b, 26e, and 26f   | 26g                        |  |                  |        |              |                              |                                      |                |
| 27 If section 1252 property: Skip this section if yo did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership). | ou                         |  |                  |        | ė            |                              |                                      |                |
| a Soil, water, and land clearing expenses   | 27a                        |  |                  |        | <u> </u>     |                              |                                      |                |
| <b>b</b> Line 27a multiplied by applicable percentage (see instructions)  | 27 Ь                       |  |                  |        |              |                              |                                      |                |
| c Enter the smaller of line 24 or 27b   | 27c                        |  |                  |        |              |                              |                                      |                |
| 28 If section 1254 property:  |                            |  |                  |        |              |                              | <del></del>                          |                |
| a Intangible drilling and development costs,<br>expenditures for development of mines and othe<br>natural deposits, and mining exploration costs<br>(see instructions)            | . 28a                      |  |                  |        |              |                              |                                      |                |
| <b>b</b> Enter the smaller of line 24 or 28a  | 28b                        |  | ·                |        | ļ :          | · .                          |                                      |                |
| 29 If section 1255 property:  |                            |  |                  |        | 1            |                              |                                      |                |
| Applicable percentage of payments excluded from income under Section 126 (see instructions)   | . 29a                      |  |                  |        |              |                              |                                      |                |
| b Enter the smaller of line 24 or 29a (see instrs).   | 29b                        |  |                  |        |              |                              |                                      |                |
| Summary of Part III Gains. Complete   | property o                 | columns A through D th                     | rough line 29b   | befor  | e going      | to line 30.                  |                                      |                |
| 30 Total gains for all properties. Add pro-   | perty colun                | nns A through D, line 2                    | 4                |        |              | 30                           |                                      | 314.           |
| 31 Add property columns A through D, lines 25b, 26  | • •                        |  |                  |        |              |                              | 2,                                   | 017.           |
| 32 Subtract line 31 from line 30. Enter the portion from other than casualty or the   | e portion f<br>eft on Form | rom casualty or theft or<br>1 4797, line 6 | n Form 4684, lir | ne 33  | Enter t      | he<br>32                     | 4,                                   | 297.           |
| Recapture Amounts Und<br>(See instructions.)  | ler Section                | ons 179 and 280F(l                         | o)(2) When E     | Busii  | ness U       | se Drops to                  | 50% or Less                          |                |
|   |                            |  |                  |        | (a) \$       | Section 179                  | (b) Section<br>280F(b)(2)            | l              |
| 33 Section 179 expense deduction or dep   | reciation a                | illowable in prior years                   |                  | 33     |              |                              |                                      |                |
| 34 Recomputed depreciation. See instruc   |                            | · · ·                                      |                  | 34     |              |                              |                                      |                |
| 35 Recapture amount. Subtract line 34 from line 33.   |                            |  | ,                | 35     |              |                              |                                      |                |

| 2002  | FEDERAL STATEMENTS  | PAGE 1   |
|---|---|--|
| CLIENT 6  | WILLIAMS TECHNOLOGIES LLC   | 73-1418240   |
| 1/30/03   |   | 12:05PN  |
| STATEMENT 1<br>FORM 1065, LINE 20<br>OTHER DEDUCTIONS   |   |  |
| INSURANCE LEGAL AND PROFESSIONAL MEALS AND ENTERTAINMEN MISCELLANEOUS OFFICE EXPENSE OIL & GAS LEASES | L. NT   | 192.<br>1,264.<br>714.<br>133.<br>435.<br>614.<br>570,286.<br>2,334. |
|   | TOTAL §   | 1,533.<br>577,505.   |
|   |   |  |
| STATEMENT 2<br>FORM 1065, SCHEDULE L,<br>OTHER INVESTMENTS  | LINE 8  |  |
| BETA OIL & GAS  | LINE 8  BEGINNING \$ 260,023. 23,585. 7,016. 150,890. TOTAL \$ 441,514. | ENDING  \$ 0. 0. 0. 0. \$ 0.   |
| FORM 1065, SCHEDULE L, OTHER INVESTMENTS  BETA OIL & GAS  | BEGINNING \$ 260,023. 23,585. 7,016. 150,890. TOTAL \$ 441,514.         | \$ 0.<br>0.<br>0.  |
| FORM 1065, SCHEDULE L, OTHER INVESTMENTS  BETA OIL & GAS  | BEGINNING \$ 260,023. 23,585. 7,016. 150,890. TOTAL \$ 441,514.         | \$ 0.<br>0.<br>0.<br>\$ 0.   |
| BETA OIL & GAS  | BEGINNING   \$ 260,023  | \$ 0.<br>0.<br>0.<br>\$ 0.   |

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orm 1120 Department of the Treasury Internal Revenue Service U.S. Corporation Income Tax Return 2002

|                    | 1113        | Structions are separate. See instructions for Paperwork Reduction Act No  | ouce.                  | IRS use only —                        | DO NOT W  | rine or stape                         | in this space.                                       |
|--------------------|-------------|---|------------------------|---------------------------------------|-----------|---------------------------------------|--|
| For                | calen       | dar year 2002 or tax year beginning , 2002, ending  | ,                      |                                       |           |                                       | OMB No. 1545-012                                     |
|                    | heck        |   |                        |                                       | E         | 3 Employer                            | identification number                                |
| 1 c                | nsolida     | ated return orm 851) Use IRS  |                        |                                       | - 1       | 13-4                                  | 146881   |
| •                  |             | 0.0 MYCHAUN EXERT MYCETTO MILET TO CHYCH  | LLC                    |                                       | to        | Date inco                             |  |
| <b>2</b> 60        | mpany       | (attach Otherwise, 126 Pach Lend of 33 FID  | .,                     |                                       |           | 12/0                                  | 0/2000   |
| 3 P                | requie      | print or service corp type. NEW YORK, NY 10022  |                        |                                       | }-        |                                       | 8/2000   |
| (a                 | s define    | service corped in Regs NEW YORK, NY 10022 441-3(c) — Lections)  |                        |                                       | 1         | ) Total asse                          | ets (see instructions)                               |
| 56                 | e instru    | ictions)  |                        |                                       |           |                                       |  |
| E C                | heck a      | applicable boxes: (1) Initial return (2) Final return (3) Name chan   | ige (4)                | Address chan                          | ge  \$    | ;<br>                                 | 975,885  |
|                    | 1:          | a Gross receipts or sales. b Less returns & allowances.   |                        | c Bal                                 | ance .    | ► 1c                                  |  |
|                    | - 1         | Cost of goods sold (Schedule A, line 8)   |                        | <del></del>                           |           | ļ                                     | <del></del>  |
|                    | 1 .         |   |                        |                                       |           |                                       |  |
|                    | 3           | ·   |                        |                                       |           |                                       | <del></del>  |
| Į.                 | 4           | Dividends (Schedule C, line 19)   |                        |                                       |           |                                       | <del></del>  |
| N                  | 5           | Interest  |                        |                                       |           | . 5                                   | 2  |
| ŏ                  | 6           | Gross rents   | . <b></b>              |                                       |           | 6                                     |  |
| M                  | 7           | Gross royalties   | ·                      |                                       |           | . 7                                   |  |
| E,                 | 8           | Capital gain net income (attach Schedule D (Form 1120))   |                        |                                       |           | . 8                                   |  |
|                    | 9           | Net gain or (loss) from Form 4797, Part II, line 18 (attach Form 4797)  |                        |                                       |           |                                       |  |
|                    | 1 .         | Other income (see instructions — attach schedule)   |                        |                                       |           |                                       | 732,366  |
|                    | 10          | •   |                        |                                       |           |                                       |  |
|                    | 11          | Total income. Add lines 3 through 10  |                        |                                       | ····      | 11                                    | 732,368  |
|                    | 12          | Compensation of officers (Schedule E, line 4).  |                        |                                       |           |                                       | 350,000  |
| D F<br>E O<br>D R  | 13          | Salaries and wages (less employment credits)  |                        |                                       |           |                                       | 69,000   |
| E O                |             | · · · · · · · · · · · · · · · · · · ·   |                        |                                       |           |                                       | ······································               |
| U.                 | 15          | Bad debts   |                        |                                       |           | · · · · · · · · · · · · · · · · · · · |  |
| բ է                | 16          | Rents   |                        |                                       |           |                                       | 42,000   |
| Ĭ                  | 17          | Taxes and licenses  |                        |                                       |           |                                       | 19,983   |
| O A                | 18          | Interest  |                        |                                       |           |                                       |  |
| N T<br>S !         | 19          | Charitable contributions (see instructions for 10% limitation)  |                        | · · · · · · · · · · · · · · · · · · · |           | . 19                                  | · · · · · · · · · · · · · · · · · · ·                |
| ÓŅ                 | 20          | Depreciation (attach Form 4562)   |                        |                                       |           |                                       |  |
| <u>≨</u> S         | 21          | Less depreciation claimed on Schedule A and elsewhere on return   |                        | <del></del>                           |           | 21 b                                  |  |
| S S<br>E O         | 22          | Depletion   |                        |                                       |           | . 22                                  |  |
| l N                | 23          | Advertising   |                        |                                       |           |                                       |  |
| N D                | 24          | Pension, profit-sharing, etc, plans   |                        |                                       |           | <del></del>                           |  |
| T D<br>R U         | 25          | Employee benefit programs   |                        |                                       |           | . 25                                  | 25,311.  |
| μğ                 | 26          | Other deductions (attach schedule)  | .SEE .S.               | TATEMENT.                             | 2         | . 26                                  | 166,285.   |
| Ťį                 | 27          | Total deductions. Add lines 12 through 26   |                        |                                       |           | 27                                    | 672,579.   |
| O N                | 28          | Taxable income before net operating loss deduction and special deductions. Subtract line 27 to  |                        |                                       |           | . 28                                  | 59,789.  |
| N S<br>S           | 29          | Less: a Net operating loss (NOL) deduction (see instructions)SEE.ST3  | . 29 a                 | 59                                    | ,789.     |                                       |  |
|                    |             | <b>b</b> Special deductions (Schedule C, line 20)   | . 29b                  | ,                                     |           | 29 c                                  | 59,789.  |
| _                  | 30          | Taxable income. Subtract line 29c from line 28  |                        |                                       |           | . 30                                  | 0.   |
| T<br>A<br>X        | 31          | Total tax (Schedule J, line 11)   |                        |                                       |           | . 31                                  | 0.   |
| $\hat{\mathbf{x}}$ | 32          | Payments: a 2001 overpayment credited to 2002.  |                        |                                       |           |                                       | ·  |
| _                  | ł           | 2002 estimated tax payments 32 b  |                        |                                       |           | 1                                     |  |
| A                  |             | Less 2002 refund applied for on Form 4466 32 c d Bal  | 32d                    |                                       | Ó         |                                       | j.   |
| Ď                  | 1           |   | <del></del>            |                                       | <u>0.</u> |                                       |  |
| _                  |             | e Tax deposited with Form 7004  | . 32 e                 |                                       |           |                                       |  |
| P                  | i .         | Credit for tax paid on undistributed capital gains (attach Form 2439)   | . 32 f                 |                                       |           |                                       |  |
| A<br>Y             | g           | Credit for federal tax on fuels (attach Form 4136). See instructions  | . 32g                  |                                       |           | 32 h                                  | 0.   |
| М                  | 33          | Estimated tax penalty (see instructions). Check if Form 2220 is attached  |                        |                                       |           | 33                                    |  |
| EZT                | 34          | Tax due. If line 32h is smaller than the total of lines 31 and 33, enter am   | ount owed              | i                                     | . <i></i> | . 34                                  | 0.   |
| T                  | 35          | Overpayment. If line 32h is larger than the total of lines 31 and 33, enter   | amount o               | overpaid                              |           | 35                                    |  |
| S                  | 1           | Enter amount of line 35 you want: Credited to 2003 estimated tax  |                        | Refun                                 | ded ►     | 36                                    |  |
| <u></u>            | Lied        | der penalties of perjury. I declare that I have examined this return, including accompanying schedule<br>I belief, it is true, correct, and complete. Declaration of preparer (other than Jaxpayer) is based on a | es and staten          | nents, and to the b                   | est of my |                                       | Mary the 100 of the 100                              |
| igr                |             | belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on a  | all information        | of which prepared                     | has any   | knowledge.                            | May the IRS discuss this<br>return with the preparer |
| ler                | <b>₹</b>  ▶ | Signature of officer. CIENT'S CODY Date   | <u>-</u> ▶ <del></del> |                                       |           |                                       | shown below? (see inst)                              |
|                    |             | Thate   | <u></u>                | <del></del>                           | Dress     | 's SSN or P                           | X Yes No   |
| ) _ ! -            | ı           | Preparer's signature  |                        | neck if self- [당]                     |           |                                       | HIA  |
| aic                | ı<br>Darer  | 1   | er                     | nployed X                             |           | 19104                                 | 60000  |
| ات ا<br>معا        | Only        | (or yours if  |                        |                                       | EIN ·     | 23-24                                 | נמפכס  |
| . <b></b> .        | ٠, y        | address, and DDT 3.TD ND 03.03.4  |                        |                                       |           | / 44 0                                | ) 000 0000   |
|                    |             | ZIP Code BEL AIR, MD 21014  |                        |                                       | Phone N   | o. (410                               | ) 893-2768   |

|      |   |  |                                       |                     | Ø                         | (14)   |                          |
|------|---|--|---------------------------------------|---------------------|---------------------------|--|--------------------------|
| ori  | m 1120 (2002) ENERGY MER  | CHANT MANAGEMENT   | CO., LLC                              | 2                   | 13-4146881                |  | Page                     |
| عرد  | mediae A Cost of Goods  |  |                                       |                     |                           |  |                          |
| 1    | Inventory at beginning of year                                      |  |                                       |                     |                           |  |                          |
| 2    | Purchases   |  |                                       |                     |                           | 2  |                          |
| 3    | Cost of labor   |  |                                       |                     |                           |  |                          |
| 4    | Additional Section 263A costs (attach sch                           | nedule)  |                                       |                     |                           | 4  |                          |
| 5    | Other costs (attach schedule)                                       | .,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,                  |                                       |                     | <i></i>                   | 5  |                          |
| 6    | Total. Add lines 1 through 5  |  |                                       |                     |                           | 6  |                          |
| 7    | Inventory at end of year  |  |                                       |                     |                           |  |                          |
| 8    | Cost of goods sold. Subtract lin                                    | e 7 from line 6. Enter her                               | e and on line                         | 2, page             | e 1                       | 8  |                          |
| 9    | a Check all methods used for valu                                   | ing closing inventory:                                   |                                       |                     |                           |  |                          |
|      | (i) Cost as described in Reg  | gulations section 1.471-3                                |                                       |                     |                           |  |                          |
|      | (ii) Lower of cost or market  | as described in Regulatio                                | ns section 1.4                        | 71-4                |                           |  |                          |
|      | (iii) Other (specify method used and                                | d attach explanation.)                                   | ►                                     |                     |                           |  |                          |
| ı    | b Check if there was a writedown                                    | of subnormal goods as de                                 |                                       |                     |                           |  |                          |
|      | c Check if the LIFO inventory meth                                  |  | -                                     | _                   |                           |  | <b>}</b> 4               |
|      | •   |  |                                       | -                   | •                         | · }  |                          |
| (    | If the LIFO inventory method was computed under LIFO                | s used for this tax year, e                              | nter percentag                        | ge (or a            | amounts) of clos          | ing inventory                                      | ,                        |
|      | •   |  |                                       |                     |                           | ·  |                          |
| •    | e If property is produced or acquire                                | ed for resale, do the rules                              | of section 26                         | 3A app              | ily to the corpora        | ation?   | Yes No                   |
| f    | Was there any change in determ                                      | ining quantities, cost, or v                             | valuations bet                        | ween o              | pening and                |  | , <u> </u>               |
|      | closing inventory? If 'Yes,' attach                                 |  | · · · · · · · · · · · · · · · · · · · |                     |                           |  |                          |
| Ì    | Dividends and S   | ipecial Deductions                                       |                                       | (a) [               | Dividends                 | (b) Percentage                                     | (c) Special deduction    |
| _    | (see instructions)  | <del> </del>   |                                       | re                  | ceived                    | ·  | (a) x (b)                |
|      | Dividends from less-than-20%-ov                                     | wned domestic corporation                                | ns that are                           |                     | }                         |  | }                        |
|      | subject to the 70% deduction (of                                    | her than debt-financed st                                | ock)                                  |                     |                           | 70   |                          |
|      | Dividends from 20%-or-more-own                                      | ned domestic corporations                                | s that are                            |                     | 1                         | •  |                          |
|      | subject to the 80% deduction (ot                                    | her than debt-financed st                                | ock)                                  |                     |                           | 80   |                          |
|      | Dividends on debt-financed stock of dome                            | stic and foreign corporations (se                        | ection 246A).                         |                     |                           | SEE INSTR.   |                          |
|      | Dividends on certain preferred stock of les                         | ss-than-20%-owned public utiliti                         | es                                    |                     |                           | 42   |                          |
|      | Dividends on certain preferred stock of 20                          |  | <u> </u>                              |                     |                           | 48   | 1                        |
|      | ,   | ,  | <del> </del>                          |                     | <del></del>               |  | †                        |
|      | Dividends from less-than-20%-ov<br>and certain FSCs that are subjec | vned foreign corporations<br>It to the 70% deduction     | •                                     |                     |                           | 70   |                          |
|      |   |  |                                       | <del></del>         |                           |  | <del></del>              |
|      | Dividends from 20%-or-more-own and certain FSCs that are subject    | ned foreign corporations                                 | 1                                     |                     |                           | 80   |                          |
|      | Dividends from wholly owned for                                     | einn subsidiaries subject (                              | to the                                | <del></del>         |                           | - 00   | <del> </del>             |
|      | 100% deduction (section 245(b)).                                    |  |                                       |                     | 1                         | 100  |                          |
|      | Total, Add lines 1 through 8. See                                   | instructions for limitation                              | 1                                     |                     |                           | The age of a self-total or a problem to the set of |                          |
|      | Dividends from domestic corporations rece                           |  |                                       |                     | ).                        |  |                          |
|      | company operating under the Small Busine                            | ess investment Act of 1958                               |                                       |                     |                           | 100  |                          |
|      | Dividends from certain FSCs that are subje                          | ect to the 100% deduction (sec 2                         | 245(c)(1))                            |                     |                           | 100  |                          |
|      | Dividends from affiliated group m                                   | nembers subject to the 10                                | 0%                                    |                     | 1                         |  |                          |
|      |   |  | ļ                                     |                     |                           | 100  |                          |
|      | Other dividends from foreign corporations                           |  |                                       |                     |                           |  |                          |
|      | Income from controlled foreign corporation                          |  |                                       |                     |                           |  |                          |
|      | Foreign dividend gross-up (section                                  |  |                                       |                     |                           |  |                          |
|      | IC-DISC and former DISC dividends not in                            | • • •  | n 246(d))                             |                     |                           |  |                          |
|      | - · · · · · · · · · · · · · · · · · · ·                             |  |                                       | or the special sign |                           |  |                          |
|      | Deduction for dividends paid on certain pr                          |  |                                       |                     |                           |  |                          |
|      | Total dividends. Add lines 1 through 17. I                          |  |                                       |                     | j=                        | ,  |                          |
|      | Total concial doductions Add lin                                    | nes 9, 10, 11, 12, and 18.                               | Enter here an                         | id on li            | ne 29b, page 1            |  | <u> </u>                 |
|      | Total Special deductions. Add in                                    | f Officers (see instructi                                |                                       |                     |                           | •  |                          |
|      | Compensation o  |  |                                       | ıs lines            | 4 through 10 or           | n page 1) are \$500,0                              | 000 or more.             |
|      | Compensation o  | edule E only if total receip                             |                                       |                     |                           | median adapte const.                               | (f) Amount of            |
|      | Compensation o Note: Complete Sche  (a)                             | edule E only if total receip                             |                                       | of                  | Percent of corpo          | ration stock owned                                 | j (i) / iii / curit Or . |
|      | Compensation o Note: Complete Scho  (a) Name of officer             | edule E only if total receip  (b) Social security number | (c) Percent time devote to business   | of<br>d             | (d) Common                | (e) Preferred                                      | compensation             |
| 2.50 | Compensation o Note: Complete Sche  (a)                             | edule E only if total receip                             | (c) Percent of                        | 9<br>9              | <del></del>               | <del></del>  | compensation             |
| 2.50 | Compensation o Note: Complete Scho  (a) Name of officer             | edule E only if total receip  (b) Social security number | (c) Percent time devote to business   | 000                 | (d) Common                | (e) Preferred                                      | compensation             |
|      | Compensation o Note: Complete Scho  (a) Name of officer             | edule E only if total receip  (b) Social security number | (c) Percent time devote to business   | 000 00              | (d) Common<br>0.00 %      | (e) Preferred<br>0.00%                             | compensation             |
|      | Compensation o Note: Complete Scho  (a) Name of officer             | edule E only if total receip  (b) Social security number | (c) Percent time devote to business   | 010 010 010         | (d) Common<br>0.00 %<br>% | (e) Preferred<br>0.00 %                            |                          |
|      | Compensation o Note: Complete Scho  (a) Name of officer             | edule E only if total receip  (b) Social security number | (c) Percent time devote to business   | 000 00              | (d) Common<br>0.00 %<br>% | (e) Preferred<br>0.00%<br>%                        | compensation             |

4 Subtract line 3 from line 2. Enter the result here and on line 12, page 1...

|      | m 1120 (2002) ENERGY MERCHANT MANAGEMENT CO.,   | LC 13-4146881  |  | Page 3         |
|------|---|--|--|----------------|
|      | Tax Computation (see instructions)  |  |  |                |
| 1    | Check if the corporation is a member of a controlled group (see s   | tions 1561 and 1563)   |  |                |
|      | Important: Members of a controlled group, see instructions.   |  |  |                |
| 2    | a If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000                    | \$9,925,000 taxable income brackets (in tha                                  | t order):                                      |                |
|      | (1) \$ (2) \$   | (3) \$   |  |                |
|      | b Enter the corporation's share of: (1) Additional 5% tax (not more than \$1                                  | 50)\$  |  |                |
|      | (2) Additional 3% tax (not more than \$1)   | )00)\$   |  |                |
| 3    | Income tax. Check if a qualified personal service corporation under   | section 448(d)(2)  |  |                |
| _    | (see instructions)  |  | <b>►</b> 3                                     | 0.             |
| A    | Alternative minimum tax (attach Form 4626)  |  |  | <u>_</u>       |
|      | Add lines 3 and 4   |  |  |                |
|      |   |  |  | 0.             |
| ь    | a Foreign tax credit (attach Form 1118)   | 6a   |  |                |
|      | b Possessions tax credit (attach Form 5735)   |  | ·  |                |
|      | c Check: Nonconventional source fuel credit QEV credit (attach Form 88)                                       |  |  |                |
| •    | d General business credit. Check box(es) and indicate which forms   |  |  |                |
|      | Form 3800 Form(s) (specify).  | 6d   |  |                |
|      | Credit for prior year minimum tax (attach Form 8827)  |  |  |                |
| f    | Qualified zone academy bond credit (attach Form 8860)   | 61   |  |                |
| 7    |   |  |  | <del> </del>   |
| 8    | Subtract line 7 from line 5   |  |  |                |
|      | Personal holding company tax (attach Schedule PH (Form 1120)).  | <u></u>  |  |                |
| 10   | Other taxes. Check if from: Form 4255 Form 8611   | Form 8697  |  |                |
|      | Form 8866 Other (attach   | nedule)  | 10   |                |
| 11   | Total tax. Add lines 8 through 10. Enter here and on line 31, page  |  | 11   | Ō.             |
| ्रें | Other Information (see instructions)  |  |  |                |
| 1    | Check method of accounting: Yes No  | ·  |  | Yes No         |
| ā    | a Cash <b>b</b> X Accrual   | At any time during the tax year, of  | did one foreign person                         |                |
|      | Other (specify)   | own, directly or indirectly, at leas<br>voting power of all classes of sto   | t 25% of (a) the total                         |                |
|      | See the instructions and enter the:   | entitled to vote or (b) the total va   | lue of all classes of                          |                |
|      | Business activity code no. ► 541990 Business activity ► MANAGEMENT  | stock of the corporation?  | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,        | Х              |
|      | Product or service ADVISOR  | If 'Yes,' enter: (a) Percentage ow   | ned  | . <b>_ III</b> |
| з`   | At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock  | and (b) Owner's country  |  | <b>III</b>     |
|      | directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, | The corporation may have to file Information Return of a 25% Fore            | Form 5472,                                     |                |
|      | see section 267(c).)  | Corporation or a Foreign Corpora a U.S. Trade or Business. Enter             | tion Engaged in                                |                |
|      | If 'Yes,' attach a schedule showing: (a) name   |  |  |                |
|      | and employer identification number (EIN), (b) percentage owned, and (c) taxable income or                     | Forms 5472 attached  |  |                |
|      | (loss) before NOL and special deductions of such  | Check this box if the corporation  | -  | - <b> </b>     |
|      | corporation for the tax year ending with or within your tax year.   | debt instruments with original iss   |  |                |
|      |   | If checked, the corporation may harmonical Information Return for Publicly O | lave to file Form 8281, ffered Original Issue  |                |
| 4    | Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?               | Discount Instruments.  | norda original issue                           |                |
|      | If 'Yes,' enter name and EIN of the parent corporation  | Enter the amount of tax-exempt i   | nterest received or                            |                |
|      | -   | accrued during the tax year  |  |                |
|      | 1   | Enter the number of shareholders   | at the end of the tax ye                       | ar 💮 💮         |
| 5    | At the end of the tax year, did any individual, partnership, corporation, estate or trust own, directly or    | (if 75 or fewer)   |  | _1             |
|      | indirectly, 50% or more of the corporation's voting   | If the corporation has an NOL for  | p  | ing            |
|      | stock? (For rules of attribution, see section 267(c).)[X]   | to forego the carryback period, ch   | neck here                                      |                |
|      | If 'Yes,' attach a schedule showing name and identifying number. (Do not include any information              | If the corporation is filing a conso<br>statement required by Regulation     | lidated return, the                            |                |
|      | already entered in 4 above.)  | or (ii) must be attached or the ele  | s section 1.1502-21(b)(5)                      | (i)            |
|      | Enter % owned ► 100. %  | Enter the available NOL carryover  |  |                |
| _    | SEE STATEMENT 4   | (Do not reduce it by any deduction   | n on line 29a.)                                |                |
| 6    | During this tax year, did the corporation pay dividends (other than stock dividends and distributions in      | <b>▶</b> \$ 190,821.   |  |                |
|      | exchange for stock) in excess of the corporation's  | Are the corporation's total receipt  | s (line 1a plus lines 4                        |                |
|      | current and accumulated earnings and profits? (See  | through 10 on page 1) for the tax<br>at the end of the tax year less tha     | year <b>and</b> its total assets in \$250,000? | X              |
|      | sections 301 and 316.)  | If 'Yes,' the corporation is not req   |  |                |
|      | Nondividend Distributions.  | Schedules L. M-1, and M-2 on page  | ge 4. Instead, enter the                       |                |
|      | If this is a consolidated return, answer here for the   | total amount of cash distributions   | and the book value of                          |                |
|      | parent corporation and on Form 851, Affiliations Schedule, for each subsidary.                                | property distributions (other than o   | Jasin made during the                          |                |

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Note: The corporation is not required to complete Schedules L, M-1 and M-2 if Question 13 on Schedule K is answered 'Yes.' Beginning of tax year Schedule Balance Sheets per Books End of tax year 497 2a Trade notes and accounts receivable ....... b Less allowance for bad debts..... 3 Inventories..... 4 U.S. government obligations ..... Tax-exempt securities (see instructions) . . . . 243,022 975,388. Other current assets (attach schedule) . . SEE . ST. . 5. . 8 Mortgage and real estate loans..... Other investments (attach schedule)..... 10 a Buildings and other depreciable assets...... b Less accumulated depreciation..... 11 a Depletable assets ..... b Less accumulated depletion..... 12 Land (net of any amortization)..... 13a Intangible assets (amortizable only) ........ b Less accumulated amortization..... 14 Other assets (attach schedule)..... 243,022. 975,885 15 Total assets..... Liabilities and Shareholders' Equity 16 Accounts payable..... 17 Mortgages, notes, bonds payable in less than 1 year..... 18 Other current liabilities (attach sch). . . SEE . ST. . 6. . 433,843. 1,127,089. 19 Loans from shareholders..... Mortgages, notes, bonds payable in 1 year or more. . . . . . 20 Other liabilities (attach schedule)..... 21 23 Additional paid-in capital..... -190,821. 25 Retained earnings - Unappropriated ...... -151,20427 Less cost of treasury stock..... 243,022. 28 Total liabilities and shareholders' equity..... 975,885 Reconciliation of Income (Loss) per Books With Income per Return (see instructions) ... 39,617. 7 Income recorded on books this year not 2 Federal income tax per books..... included on this return (itemize): 3 Excess of capital losses over capital gains... 4 Income subject to tax not recorded on books this year (itemize): Deductions on this return not charged 5 Expenses recorded on books this year not against book income this year (itemize): deducted on this return (itemize): a Depreciation . \$ b Charitable contribus \$\_\_\_\_\_ a Depreciation ..... \$\_\_\_\_\_ b Charitable contributions. \$ 20,172 20,172. 59,789. 6 Add lines 1 through 5... 10 Income (line 28, page 1) — line 6 less line 9 . . . Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L) -190,821 5 Distributions ...... a Cash ... 1 Balance at beginning of year..... 39,617. 2 Net income (loss) per books ...... **b** Stock Other increases (itemize): 6 Other decreases (itemize): 7 Add lines 5 and 6..... -151,2044 Add lines 1, 2, and 3 .......... 8 Balance at end of year (line 4 less line 7)..... -151,204.

| 2002   | FEDERAL STATE                                | EMENTS         | PAGE 1  |
|--|--|----------------|---|
|  | ENERGY MERCHANT MANAG                        | EMENT CO., LLC | 13-4146881  |
| STATEMENT 1 FORM 1120, LINE 10 OTHER INCOME REIMBURSED EXPENS                    | SES  | TOTAL          | \$ 732,366.<br>\$ 732,366.                                |
| BANK CHARGES LEGAL AND PROFESS MEALS AND ENTERTA OFFICE EXPENSE OUTSIDE SERVICES | SIONAL<br>AINMENT                            |                | 5.<br>77,601.<br>20,173.<br>12,475.<br>31,205.<br>13,112. |
| STATEMENT 3<br>FORM 1120, LINE 29A<br>NET OPERATING LOS                          | SS DEDUCTION                                 |                |   |
|  | TED FROM YEAR END 12/31/01 CARRYOVER TO 2002 | \$ 190,821.    | 190,821.  |
|  | SES AVAILABLE IN 2002                        |                |   |
|  |  |                | 59,789.   |
|  | NG LOSS DEDUCTION (LIMITED TO                |                | •   |

# STATEMENT 4 FORM 1120, SCHEDULE K, LINE 5 50% OR MORE OWNERS

NAME : EMC CAPITAL CORP ID NUMBER : 51-0383350 PERCENTAGE OWNED : 100.00%

| <i>}</i> ,                                      |                                 |               |   |                                |
|---|---------------------------------|---------------|---|--------------------------------|
| 2002  | FEDERAL                         | STATEMENTS    |   | PAGE 2                         |
|   | ENERGY MERCHANT                 | MANAGEMENT CO | )., LLC                                       | 13-4146881                     |
| STATEMENT 5<br>FORM 1120, SCHI<br>OTHER CURRENT | EDULE L, LINE 6<br>r assets     |               |   |                                |
| DUE FROM EMAC.                                  |                                 | TÓTAL         | BEGINNING<br>\$ 243,022. \$<br>\$ 243,022. \$ | ENDING<br>975,388.<br>975,388. |
| STATEMENT 6<br>FORM 1120, SCHE<br>OTHER CURRENT | EDULE L, LINE 18<br>LIABILITIES |               |   |                                |
|   |                                 |               | BEGINNING                                     | ENDING                         |
| DUE TO EMC                                      |                                 | TOTAL         | \$ 433,843. \$<br>\$ 433,843. \$              | 1,127,089.<br>1,127,089.       |
|   |                                 |               |   |                                |

| Form 11  |                                       |                   | For calen                               | dar year 20                             |                             | orporation<br>or beginning           |                     |                 |                                       |   |                   | OMB No. 1545-0123                    |
|--|---------------------------------------|-------------------|---|---|-----------------------------|--------------------------------------|---------------------|-----------------|---------------------------------------|---|-------------------|--------------------------------------|
| Department of Internal Reve                          | nue S                                 | reasury<br>ervice |   |   |                             | arate. See page                      |                     |                 |                                       |   | е.                | 2003                                 |
| A Check if<br>1 Consolida<br>(attach Fo              | ited re                               | 1) 1.11           | Use<br>IRS<br>label.                    | Name                                    | Number, stree               | et, and room or sulf                 | te no. City o       | r town, sta     | ate, and Zi                           | P code B                                | Employ            | yer identification number<br>1146881 |
| 2 Personal<br>(attach Sc<br>3 Personal<br>(as define | noigin<br>ch. PH<br>service<br>d in R | egulations        | Other-<br>wise,<br>print or             | 126 I                                   | EAST 56                     | TH ST, 3                             | 33 FLO              | OR              |                                       | C                                       | Date ince<br>12/0 | orporated<br>08/00                   |
| instruction  | 1-3(c)-<br>ns)                        | see               | type.                                   | NEW Y                                   | ORK                         |                                      | NY :                | 1002            |                                       |   |                   | sets (see page 8 of instructions     |
| E Check ap   |                                       |                   |   | tial return (                           |                             | return (3)                           |                     |                 |                                       | ess change \$                           |                   | 465                                  |
|  | 1                                     | •                 | sales                                   |   |                             | Less returns & all                   |                     |                 |                                       |   |                   | 231,294                              |
|  | 2                                     | -                 | -                                       | chedule A, li                           |                             |                                      |                     |                 |                                       |   |                   | 221 204                              |
|  | 3                                     | Gross prof        | nt. Subtract                            | line 2 from I                           | ine 1c                      |                                      |                     |                 |                                       |   | 3                 | 231,294                              |
|  | 4                                     |                   |   |   |                             | ,                                    |                     |                 |                                       |   |                   | <del> </del>                         |
| Income   | 5                                     |                   |   |   |                             |                                      |                     |                 |                                       |   |                   | <del> </del>                         |
|  | 6                                     | Gross rent        |   |   |                             |                                      |                     |                 |                                       |   |                   | <del></del>                          |
|  | 7                                     | Gross roya        | alties                                  |   |                             |                                      |                     | • • • • • • •   | ·                                     |   | 7 8               | <del> </del>                         |
| .*   | В                                     | Capital gai       | in net incom                            | e (attach So                            | n. D (Form 1                | 120))                                | 4707                |                 |                                       |   | .   8             | <del> </del>                         |
| •  | 9                                     | Net gain of       | r (loss) from                           | Form 4/9/                               | , Part II, line             | 18 (attach Form                      | 4/9/)               |                 |                                       |   | 9                 | <u> </u>                             |
|  | 10                                    |                   |   |   |                             | schedule)                            |                     |                 |                                       |   |                   | 231,294                              |
|  | 11                                    |                   |   |   |                             |                                      |                     |                 |                                       |   | 112               | 89,520                               |
|  | 12                                    | Compensa          | auon or onice                           | ars (Scheou                             | ie E, line 4)               |                                      |                     |                 | . <b>.</b>                            | • |                   | 25,577                               |
|  | 13                                    | Salaries ar       | na wages (re                            | iss employn                             | nem creams)                 |                                      |                     |                 |                                       |   | 14                | 25,511                               |
|  | 14                                    |                   |   |   |                             |                                      |                     |                 |                                       |   |                   | <del> </del>                         |
| ,  | 15                                    | Danto             | • |   | • • • • • • • • • • • • • • |                                      |                     | · · · · · · · · |                                       | • |                   | 14,000                               |
|  | 1                                     | Taxoc and         | liconcoc                                |   |                             |                                      |                     |                 |                                       |   |                   | 11,299                               |
| Deductions   | l                                     | 1-44              |   |   |                             |                                      |                     |                 |                                       |   | 40                | 11,200                               |
| <b>10</b>  | 18                                    |                   |   |   |                             |                                      |                     |                 |                                       |   |                   |                                      |
| (See   | 19                                    |                   |   |   |                             | tions for 10% lin                    |                     |                 |                                       |   | 19                |                                      |
| Instructions   | i                                     | Depreciation      | on (attach F                            | orm 4002)                               |                             | , . ,                                |                     | 20              |                                       |   | -                 |                                      |
| for  | 21                                    |                   |   |   |                             | elsewhere on ret                     |                     |                 | <del></del>                           | <del></del>                             | 21b               |                                      |
| ilmitations  | 22                                    | Depletion         |   | • |                             |                                      |                     |                 |                                       |   | 22                |                                      |
| on   | 23                                    | Advertising       | 3<br>                                   |   |                             |                                      |                     | <b></b> .       |                                       | • | 23                |                                      |
| deductions.)   | 1                                     | Pension, p        | ront-snanng                             | , etc., pians                           |                             | ,                                    | • • • • • • • • • • | - <b></b>       |                                       | • • • • • • • • • • • •                 |                   | 4,400                                |
|  | 25                                    | Employee          | benefit prog                            | rams                                    |                             |                                      |                     |                 | Q TO TO                               | COMO 1                                  | 25                | 74,454                               |
|  | 26                                    | Total dade        | ictions (atta                           | un schedule                             |                             |                                      |                     |                 |                                       |   | 26                | 219,250                              |
|  | 1                                     |                   |   | l lines 12 th                           |                             |                                      |                     |                 |                                       |   | 27                | 12,044                               |
|  | 28                                    |                   |   |   |                             | ction and specia                     |                     | 4 1             | act line 2                            | 12,04                                   |                   | 12,044                               |
|  | 29                                    |                   | · ·                                     | -                                       | -                           | see page 13 of i                     | nstructions)        |                 |                                       | 12,04                                   |                   | 12 044                               |
| <del></del>  | <del> </del>                          |                   |   |   | edule C, line               |                                      | <del></del>         | 29b             |                                       |   | 29c               | 12,044                               |
|  | 30                                    |                   |   |   | from line 28                |                                      |                     | · · · · · · · · | · · · · · · · · · · · · · · · · · · · | • • • • • • • • • • • • •               | 30                | 0                                    |
|  | 31                                    |                   | Schedule J,<br>a 2002 ove<br>credited   | iine 11)<br>ipayment ∷                  |                             |                                      |                     | • • • • • • • • |                                       |   | . 31              | <u>\</u>                             |
|  | 32                                    | Payments:         |   |   | 32a                         |                                      |                     |                 |                                       |   |                   |                                      |
|  | b                                     | Less 2003 re      | nated tax pay                           | for                                     | 32b                         |                                      |                     | ادووا           | •                                     |   | ]                 |                                      |
| Tau and  |                                       | on Form 446       | ited with For                           |   | 32c (                       |                                      | jd Bal              | 320<br>32e      |                                       | <del></del>                             |                   |                                      |
| Tax and  | e                                     |                   |   |   |                             | (attach Form 2                       | 430)                | 32f             |                                       | <del></del>                             | -                 |                                      |
| Payments   | -                                     |                   | -                                       |   |                             | ธ (อนอดา Form 2<br>6). See instructi |                     | 32g             |                                       |   | 32h               |                                      |
|  | 32<br>g                               |                   |   | •                                       |                             | ns). See instructions). Check if Fo  |                     |                 |                                       | <b>▶</b> [                              | 33                | <del></del>                          |
|  | 33                                    |                   |   |   |                             | ins). Check if Fo<br>ines 31 and 33, |                     |                 |                                       | F L                                     | 34                |                                      |
|  | 1                                     |                   |   |   |                             | of lines 31 and                      |                     |                 |                                       |   |                   |                                      |
|  | 35<br>36                              |                   |   | -                                       |                             | or lines 31 and<br>4 estimated ta    |                     | mount 0         | verpaid .                             | Refunded                                | 35                |                                      |
|  | 130                                   |                   |   |   |                             | ed this return, inclu                |                     | anving so       | hedules                               |   |                   | ss this return with the preparer     |
| Sign   | .                                     | and stateme       | ints, and to the                        | e best of my kr                         | nowledge and b              | elief, it is true, con               | rect, and com       | plete. De       | claration                             |   |                   |                                      |
| Here   |                                       | or preparer (     | oniei man tax                           | payer) is base                          | er on all informa           | ation of which prep                  | area nasany i       | Kilowieug       | JE.                                   | SHOWITO                                 | elow (see i       | instr.)?  X Yes  No                  |
| HUNG   |                                       | Dis ====          | ro of affice                            | <del>MILN'</del>                        | 718 171                     | <del>}  Y</del>                      |                     |                 |                                       | To-                                     |                   |                                      |
|  |                                       |                   | re of officer                           | AF171A                                  | 100                         | <u> </u>                             | Date                |                 | 1 2                                   | Title                                   | Pren              | parer's SSN or PTIN                  |
| امتمد  | 1                                     | Preparer's        |   |   |                             |                                      | Date 1              |                 | . 1                                   | eck if<br>-employed                     | <b>-</b> 1 '      | 0319104                              |
| <sup>3</sup> aid                                     | <u>.</u> }                            | signature .       | · las vara-                             | - उद्भवता                               | RSON,                       | URIAN, D                             |                     |                 | ERNEF                                 |   |                   | 51-0212284                           |
| 'reparer'  |                                       | Firm's name       |   | PO BO                                   |                             | OKTAN, D                             | VANE C              | * P. T.         | 144111                                | ·/ · · · · · ·                          | <del></del>       | <del></del>                          |
| ise Only   | 1                                     | if self-employ    | 7                                       |   | VIEW,                       | ישר                                  |                     | 1007            | 0-04                                  | 77                                      | Phone             | no.<br>-539-5543                     |
|  |                                       | address, and      | ZIP COde                                | CENN                                    | VIEW,                       | עני                                  |                     | 1221            | 0-02                                  | , ,                                     | 1 202             |                                      |

|    | 1120-(2003) ENERGY MERCHANT   |                                |                                | -4146881                               | <del></del>                           | Page 2                     |
|----|---|--------------------------------|--------------------------------|--|---------------------------------------|----------------------------|
| S  | chedule A Cost of Goods Sold (  | see page 14 of instru          | ictions)                       | ······································ |                                       | ·                          |
| 1  | Inventory at beginning of year  |                                |                                |  | 1                                     |                            |
| 2  | Purchases   |                                |                                |  | 2                                     |                            |
| 3  | Cost of labor   |                                |                                |  |                                       |                            |
| 4  | Additional section 263A costs (attach schedule  | )                              |                                |  | 4                                     |                            |
| 5  | Other costs (attach schedule)   |                                |                                |  | 5                                     |                            |
| 6  | Total. Add lines 1 through 5  |                                |                                |  | 6                                     |                            |
| 7  | Inventory at end of year  |                                |                                |  | 7                                     |                            |
| 8  | Cost of goods sold. Subtract line 7 from line 6   | i. Enter here and on line 2,   | page 1                         |  |                                       |                            |
| 9a | Check all methods used for valuing closing inve   | entory:                        |                                |  |                                       |                            |
|    | (i) Cost as described in Regulations see  | ction 1.471-3                  |                                |  |                                       |                            |
|    | (ii) Lower of cost or market as described   | I in Regulations section 1.4   | 471-4                          |  |                                       | •                          |
|    | (iii) Uther (Specify method used and atta   | ich explanation.)              |                                |  |                                       |                            |
| b, | Check if the LEO inventory method was adopted.  | oods as described in Regu      | lations section 1.4            | 71-2(c)                                |                                       | ▶ ∐                        |
| C  | Officer in the Fit O intention & theriton was adobt   | ed this tax year for any got   | da (ii diecked, att            | adir omi stof                          | · · · · · · · · · · · · · · · · · · · | ▶ ∐                        |
| d  | If the LIFO inventory method was used for this  | tax year, enter percentage     | (or amounts) of cl             | osing                                  | 1 1                                   |                            |
|    |   |                                |                                |  |                                       |                            |
| e  | If property is produced or acquired for resale, d   |                                |                                |  |                                       | . Yes No                   |
| f  | Was there any change in determining quantitie   | s, cost, or valuations between | een opening and cl             | osing inventory?                       | f "Yes,"                              |                            |
|    | attach explanation  | <u></u>                        | <del></del>                    |  | <del> </del>                          | Yes No                     |
| S  | chedule C Dividends and Specia  |                                | structions                     | (a) Dividends<br>received              | 5 (b) %                               | (c) Special deductions     |
|    | beginning on page 15)   |                                |                                |  |                                       | (a) × (b)                  |
| 1  | Dividends from less-than-20%-owned domestic   |                                | 1                              |  |                                       |                            |
| _  | 70% deduction (other than debt-financed stock   |                                |                                |  | 70                                    | <del></del>                |
| 2  | Dividends from 20%-or-more-owned domestic   | -                              | J                              |  | 00                                    |                            |
| _  | 80% deduction (other than debt-financed stock   |                                |                                |  | 80<br>see<br>instr.                   |                            |
| 3  | Dividends on debt-financed stock of domestic and fore   |                                |                                |  |                                       |                            |
| 4  | Dividends on certain preferred stock of less-tha  |                                |                                |  | 42                                    |                            |
| 5  | Dividends on certain preferred stock of 20%-or-<br>Dividends from less-than-20%-owned foreign c |                                |                                | <del></del>                            |                                       | <del></del>                |
| 6  | =   |                                | L                              |  | 70                                    |                            |
| 7  | subject to the 70% deduction Dividends from 20%-or-more-owned foreign co                        | morations and certain ESC      | 's that are                    |  | 1 '0 1                                |                            |
| ′  |   |                                | ſ                              |  | 80                                    |                            |
| 8  | Dividends from wholly owned foreign subsidiaries subjection                                     | ect to the 100% deduction (sec | tion 245(h))                   | *                                      | 100                                   |                            |
| 9  | Total. Add lines 1 through 8. See page 16 of in   |                                |                                |  | 1 199                                 | <del></del>                |
| 0  | Dividends from domestic corporations received   |                                |                                |  |                                       | <del></del>                |
| •  | company operating under the Small Business I  |                                |                                |  | 100                                   |                            |
| 1  | Dividends from certain FSCs that are subject to   | • • •                          | tion 245(c)(1))                | <del></del>                            | 100                                   | <del></del>                |
| 2  | Dividends from affiliated group members subject to the  |                                |                                |  | 100                                   |                            |
| 3  | Other dividends from foreign corporations not in  |                                |                                |  |                                       |                            |
| 4  | Income from controlled foreign corporations un  |                                |                                |  |                                       |                            |
| 5  | Foreign dividend gross-up (section 78)  |                                | 1                              |  |                                       |                            |
| 6  | IC-DISC and former DISC dividends not include   |                                |                                |  |                                       |                            |
| 7  | Other dividends   |                                | [                              |  |                                       |                            |
| 8  | Deduction for dividends paid on certain preferre  | ed stock of public utilities   |                                |  |                                       |                            |
| 9  | Total dividends. Add lines 1 through 17. Enter  | here and on line 4, page 1     | <b>▶</b> [                     |  |                                       |                            |
| 20 | Total special deductions. Add lines 9, 10, 11,  | 12, and 18. Enter here and     | d on line 29b, page            | 1                                      |                                       |                            |
| Sc | hedule E Compensation of Offi   | cers (see instruction          | s for line 12, pa              | age 1, on pag                          | e 10 of instru                        | ctions)                    |
|    | Note: Complete Schedule E   | only if total receipts (line 1 |                                | gh 10 on page 1)                       | are \$500,000 or                      | more.                      |
|    | (a) Name of officer   | (b) Social security number     | (c) Percent of time devoted to | Percent of stock                       | corporation<br>owned                  | (f) Amount of compensation |
|    |   |                                | business                       | (d) Common                             | (e) Preferred                         |                            |
| 1  |   |                                | %                              | %                                      | 9                                     | (d                         |
|    |   |                                | <u>%</u>                       | %                                      |                                       | (d                         |
|    |   | <u> </u>                       | %                              | %                                      |                                       | 6                          |
|    |   | 1                              | %                              | %                                      | 9                                     | 6                          |
|    | ·   | 1                              | %                              | %                                      |                                       | 6                          |
| 2  | Total compensation of officers  |                                |                                | . ,                                    |                                       |                            |
| 3  | Compensation of officers claimed on Schedule  | A and elsewhere on return      | ١                              |  |                                       |                            |

| Form   | 1120 (2003) ENERGY MERCHANT MANAGEMEN  |          |              |                  | TC13-         | 4146          | 881   |                |           |                                       | Pag | <u>e 3</u> |
|--------|--|----------|--------------|------------------|---------------|---------------|---|----------------|-----------|---------------------------------------|-----|------------|
| S      | chedule J Tax Computation (see page 17 of ins  | tru      | <u>ictic</u> | ons)             |               |               | <del> </del>  |                |           |                                       |     |            |
| 1      | Check if the corporation is a member of a controlled group (see se                                 | ctio     | ns 1         | 561 and          | i 1563) 🔣     |               | )   | <b>-</b> [ ] [ |           |                                       |     |            |
|        | Important: Members of a controlled group, see instructions on page                                 | je 1     | 7.           |                  |               |               |   |                |           |                                       |     |            |
| 2a     | If the box on line 1 is checked, enter the corporation's share of the                              | \$50     | 0,00         | 0, \$25,0        | 00, and \$9   | ,925,000      | taxable   | 1              | 1         |                                       |     |            |
|        | income brackets (in that order):   |          |              |                  |               |               |   | -              |           |                                       |     |            |
|        | (1) \$ (2) \$  |          |              |                  | (3)           | \$            |   |                | 1         |                                       |     |            |
| b      | Enter the corporation's share of: (1) Additional 5% tax (not                                       | mo       | ore tl       | nan \$11         | ,750)         | \$            |   |                |           |                                       |     |            |
|        | (2) Additional 3% tax (not   | mo       | ore ti       | nan <b>\$1</b> 0 | 0,000)        | \$            |   |                |           |                                       |     |            |
| 3      | Income tax. Check if a qualified personal service corp. under section 448(d)(2                     | )(se     | e pa         | ge 17)           |               |               | 1   | •              | 3         |                                       |     | 0          |
| 4      | Alternative minimum tax (attach Form 4626)   |          |              |                  |               |               |   |                | 4         |                                       |     |            |
| 5      | Add lines 3 and 4  |          |              |                  |               |               |   |                | 5         |                                       |     | 0          |
| 6a     | Foreign tax credit (attach Form 1118)  |          |              |                  |               | 1             |   | ſ              |           |                                       |     |            |
| b      | Possessions tax credit (attach Form 5735)  |          |              |                  | 6b            |               |   |                |           |                                       |     |            |
| С      | Check: Nonconventional Source fuel credit QEV credit (att. Form 8834)                              |          |              |                  |               |               |   |                |           |                                       |     |            |
| d      | General business credit. Check box(es) and indicate which forms a                                  |          |              |                  |               |               |   |                |           |                                       |     |            |
|        | Form 3800 Form(s) (specify) ▶  |          |              |                  | 6d            |               |   | į              |           |                                       |     |            |
| e      | Credit for prior year minimum tax (attach Form 8827)   |          |              |                  |               |               |   |                |           |                                       |     |            |
| f      | Qualified zone academy bond credit (attach Form 8860)  |          |              |                  |               |               |   |                |           |                                       |     |            |
| 7      | Total credits. Add lines 6a through 6f   |          |              |                  |               |               | <del></del>   |                | 7         |                                       |     |            |
| 8      | Subtract line 7 from line 5  |          |              |                  |               |               |   |                | 8         | ·                                     |     |            |
| 9      | Personal holding company tax (attach Schedule PH (Form 1120))                                      |          |              |                  |               |               |   |                | 9         | · · · · · · · · · · · · · · · · · · · |     |            |
| 10     | Other taxes. Check if from: Form 4255 Form 861   |          |              | Form             |               |               |   | }              |           |                                       |     |            |
|        |  |          | -            |                  |               |               |   | ]              | 10        |                                       |     |            |
| 1      | Total tax. Add lines 8 through 10. Enter here and on line 31, page                                 |          |              | , .              |               |               |   | ····· }        | 11        |                                       |     | 0          |
|        | hedule K Other Information (see page 19 of in  |          | ıcti         | ons)             | <del></del>   |               | <del> </del>  | ايدادندند      |           | <del></del>                           |     |            |
| 1      |  |          | No           |                  | At any time   | during the    | tax vear, dic   | l one fore     | elan per  | son own, directly                     | Yes | No         |
| •      | b X Accrual c Other  |          |              |                  |               |               | 5% of (a) the   |                |           | •                                     |     |            |
|        | (specify)  |          | 1            | 1                |               |               |   |                |           | or (b) the total                      |     |            |
| 2      | See page 21 of the instructions and enter the:   | l        |              |                  |               |               | •   |                |           |                                       | 1 1 | x          |
| -<br>а | Business activity code no. ▶ 541990  | l        | 1            |                  |               |               | centage own   |                |           |                                       |     | _==        |
| b      | Business activity MANAGEMENT   |          | ļ            | 1                | and (b) Ov    | • •           |   |                |           |                                       |     | i          |
| c      | Product or service ADVISORS  | ١.       |              | c                |               |               | have to file <b>F</b>   | orm 547        |           | mation                                | 1   |            |
| 3      | At the end of the tax year, did the corporation own, directly or indirectly,                       |          |              | -                | ,             |               | ign-Owned U   |                | •         |                                       |     |            |
| J      | 50% or more of the voting stock of a dornestic corporation? (For rules of                          |          |              | [                |               |               | ingaged in a  |                |           |                                       | 1 1 |            |
|        | 4.11.41  |          | x            |                  | _             |               | is 5472 attac   |                | GC 01 DC  | J3111633.                             |     | ı          |
|        |  |          | †=           | 8                |               |               | corporation is  |                | hliah aff | amd                                   | 1 1 | 1          |
|        | If "Yes," attach a schedule showing: (a) name and employer identification                          |          | l            | ľ                |               |               | original issue  |                | •         |                                       | 1 1 |            |
|        | number (EIN), (b) percentage owned, and (c) taxable income or (loss) before                        |          |              |                  |               |               |   |                |           |                                       |     |            |
|        | NOL and special deductions of such corporation for the tax year ending                             |          |              | l                |               |               | •   |                |           | B281, Information                     | 1 1 |            |
|        | with or within your tax year.  | l        |              | 9                |               |               |   |                |           | Instruments.                          | ] { |            |
| 4      | Is the corporation a subsidiary in an affiliated group or a  | x        |              | 9                |               |               | exempt int  |                |           |                                       | 1 1 |            |
|        | parent-subsidiary controlled group?  If "Yes," enter name and EIN of the parent corp. ► 51-0383350 | <b>-</b> | +            | 40               |               |               | cyear ▶. \$   |                |           |                                       |     |            |
| 121    |  | Ì        | 1            | 10               |               |               | hareholders :   |                |           |                                       |     |            |
| _      | MC CAPITAL CORP  |          |              | 44               | year (if 75   | •             |   |                |           |                                       | 1 1 |            |
| 5      | At the end of the tax year, did any individual, partnership,                                       |          | 1            | 11               | •             |               | an NOL for the  |                |           | . [                                   | 1 1 |            |
|        | corporation, estate, or trust own, directly or indirectly,   |          |              |                  |               |               | carryback pe  |                |           |                                       | 1 1 |            |
|        | 50% or more of the corporation's voting stock? (For rules  | v        | 1            |                  | •             |               | ng a consolic   |                |           |                                       | 1   |            |
|        | of attribution, see section 267(c).) STMT 2  | X        | -            | ł                |               |               |   | -              |           | on 1.1502-21T                         |     |            |
|        | If "Yes," attach a schedule showing name and identifying   |          |              | 12               |               |               | attached or<br>OL carryover                                       |                |           |                                       | 1 1 |            |
|        | number. (Do not include any information already entered  |          |              | '-               |               |               | ny deduction  | -              | wax yea   | uið                                   |     |            |
|        | in 4 above.) Enter percentage owned ▶ 100.000  |          | 1            |                  |               |               | 131,  |                |           |                                       |     |            |
| 6      | During this tax year, did the corp. pay dividends (other than stock dividends                      |          | 1            | 13               |               |               |   |                | nlug E-   |                                       |     |            |
|        | and distributions in exchange for stock) in excess of the corporation's                            |          | _            | 13               |               | •             | otal receipts   |                |           |                                       |     |            |
|        | current and accumulated earnings and profits? (See sections 301 and 316.)                          | <b> </b> | X            | 1                | _             |               | for the tax y   |                |           |                                       | _   |            |
|        | If "Yes," file Form 5452, Corporate Report of  |          |              | 1                | at the end    | or the tax y  | ear less than   | \$250,00       | 07        |                                       | X   |            |
|        | Nondividend Distributions.   |          | 1            |                  | If "Yoe " the | corporatio    | n is not reco   | ired to or     | nmnlete   |                                       | 1   |            |
|        | . If this is a consolidated return, answer here for the parent                                     |          | 1            | 1                | Schedules     | L. M-1, and   | n is not requ<br>1 M-2 on pag<br>listributions a<br>other than ca | e 4. Inste     | ad, ente  | er the                                | 1 1 |            |
|        | corporation and on Form 851, Affiliations Schedule, for  |          | 1            |                  | property dis  | stributions ( | other than ca   | asy) waq       | le during | the tax                               |     |            |
|        | each subsidiary.   |          |              | J                |               |               |   |                |           |                                       |     |            |

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

|           | 1120 (2003) ENERGY MERCHANT  |                     |                                       |                          | Page 4                                |
|-----------|--|---------------------|---------------------------------------|--------------------------|---------------------------------------|
|           | : The corporation is not required to complete So                     |                     |                                       |                          |                                       |
| _3(       | chedule L Balance Sheets per Books                                   |                     | of tax year                           |                          | tax year                              |
| _         | Assets   | (a)                 | (b)<br>497                            | (c)                      | (d)<br>465                            |
| 1         | Cash   |                     | 431                                   | ,                        | 400                                   |
| 2a        | Trade notes and accounts receivable                                  | ļ                   |                                       |                          |                                       |
| b         | Less allowance for bad debts   | <b></b>             |                                       |                          |                                       |
| 3         | Inventories  |                     |                                       | 1                        |                                       |
| 4<br>5    | U.S. government obligations  |                     |                                       |                          | <u></u>                               |
| 5<br>6    | Tax-exempt securities (see instructions) Other current assets STMT 3 |                     | 975,388                               | -                        |                                       |
|           |  |                     | 313,300                               |                          |                                       |
| 7         | Loans to shareholders  |                     |                                       |                          |                                       |
| 8         | Mortgage and real estate loans                                       |                     |                                       |                          |                                       |
| 9         | Other investments  |                     |                                       |                          |                                       |
| 10a       | Buildings and other depreciable assets                               |                     |                                       |                          |                                       |
| b         | Less accumulated depreciation  |                     |                                       |                          |                                       |
| 11a       | Depletable assets  |                     |                                       |                          |                                       |
| 12        | Less accumulated depletion   |                     |                                       |                          |                                       |
|           | Land (net of any amortization)                                       |                     |                                       |                          |                                       |
| 13a       | Intangible assets (amortizable only)                                 |                     |                                       |                          |                                       |
| ь         | Less accumulated amortization  |                     |                                       |                          |                                       |
| 14        | Other assets (attach sch.)   |                     | 975,885                               |                          | 465                                   |
| <u>15</u> | Total assets   |                     | 975,665                               |                          | 403                                   |
| 40        | Liabilities and Shareholders' Equity                                 |                     |                                       |                          |                                       |
| 16        | Accounts payable   |                     |                                       |                          |                                       |
| 17        | Mortgages, notes, bonds payable in less than 1 year                  |                     | 1,127,089                             | ,                        |                                       |
| 18        | Other current liabilities STMT 4                                     |                     | 1,121,009                             |                          |                                       |
| 19<br>20  | Loans from shareholders  |                     |                                       |                          |                                       |
| 21        | Mortgages, notes, bonds payable in 1 year or more                    |                     |                                       | ,                        | <u></u>                               |
| 22        | Other liabilities (att. sch.)  Capital stock: a Preferred stock      |                     |                                       |                          |                                       |
| 22        |  |                     |                                       | 500                      | 500                                   |
| 23        | b Common stock   |                     |                                       | 300                      | 139,125                               |
| 24        | Additional paid-in capital  Retained earnings-Appropriated           |                     |                                       |                          | 137/123                               |
| 25        | Retained earnings-Unappropriated                                     |                     | -151,204                              |                          | -139,160                              |
| 26        | Adjustments to SH equity   |                     |                                       |                          | 25//200                               |
| 27        | Less cost of treasury stock  |                     | · · · · · · · · · · · · · · · · · · · |                          | · · · · · · · · · · · · · · · · · · · |
| 28        | Total liabilities and shareholders' equity                           |                     | 975,885                               |                          | 465                                   |
|           |  | come (Loss) per Bo  |                                       |                          |                                       |
| 1         | Net income (loss) per books  | 12,044              |                                       |                          | O OI MORIDOROMO                       |
| 2         | Federal income tax per books   |                     | included on this retur                | -                        | 16                                    |
| 3         | Excess of capital losses over capital gains                          |                     |                                       |                          |                                       |
| 4         | Income subject to tax not recorded on books                          |                     |                                       | ì                        |                                       |
| ~         | this year (itemize):   |                     |                                       |                          |                                       |
|           |  |                     | 8 Deductions on this re               | etum not charged         |                                       |
| 5         | Expenses recorded on books this year not                             |                     | against book income                   | _                        |                                       |
| •         | deducted on this return (itemize):                                   | <b>'</b>            | =                                     |                          |                                       |
| 9         | Depreciation \$  |                     | a Depreciation                        |                          |                                       |
| Ď         | Charitable contributions \$  |                     |                                       |                          |                                       |
| C         | Travel and entertainment \$  |                     |                                       |                          | •                                     |
|           |  |                     | 9 Add lines 7 and 8                   |                          |                                       |
| 6         | Add lines 1 through 5  | 12,044              | 10 Income (line 28 nage               | e 1)- line 6 less line 9 | 12,044                                |
|           |  | priated Retained Ea |                                       |                          | 22/011                                |
| 1         | Balance at beginning of year   | -151,204            |                                       | Cash                     |                                       |
| 2         | Net income (loss) per books  | 12,044              |                                       | Stock                    |                                       |
| 3         | Other increases (itemize):   | -4/021              | 5                                     | Stock<br>Property        |                                       |
| J         |  | ·                   | 6 Other decreases (ite                | mize):                   |                                       |
| •         | •                              | :                   | - 4 d d 15                            |                          |                                       |
| À.        | Add lines 1, 2, and 3  | -139,160            |                                       | ar (line 4 less line 7)  | -139,160                              |
| DAA       | Aud illies 1, 2, aliu a  | 237,200             | O Darance at end of ye                | an time 4 1000 time 1    | Form 1120 (2003)                      |
| ~~~       |  |                     |                                       |                          | . 51111 - 1 (2005)                    |

Form 1120

### NOL and Contribution Carryover Worksheet - Regular Tax

, ending

2003

Name

For calendar year 2003 or tax year beginning

Employer Identification Number

ENERGY MERCHANT MANAGEMENT CO., LLC

13-4146881

|  | <u> </u>                             | Prior Yes                    | ar         | Current Year  | Next Year                              |  |
|--|--------------------------------------|------------------------------|------------|---|--|--|
| Preceding<br>Taxable Year              | Adj. To NOL<br>Inc/(Loss) After Adj. | NOL Utilized (Income Offset) | Carryovers | Income Offset By<br>NOL Carryback/<br>Carryover<br>NOL Utilized | Carryover                              |  |
| <sup>15th</sup><br>12/31/88            |                                      |                              |            |   |  |  |
| 14th                                   |                                      |                              |            |   |  |  |
| 12/31/89                               |                                      |                              |            |   |  |  |
| 12/31/90                               |                                      |                              |            |   | ·                                      |  |
| 12th<br>12/31/91                       |                                      |                              | `          |   |  |  |
| 11th<br>12/31/92                       |                                      |                              |            |   |  |  |
| 10th<br>12/31/93                       | ·                                    |                              |            |   |  |  |
| 9th<br>12/31/94                        |                                      |                              |            |   |  |  |
| 12/31/95                               |                                      |                              |            |   |  |  |
| 7th<br>12/31/96                        |                                      |                              |            |   |  |  |
| 6th<br>12/31/97                        |                                      |                              |            |   |  |  |
| 5th                                    | ,                                    |                              |            |   | ······································ |  |
| 12/31/98<br>4th                        |                                      |                              |            |   |  |  |
| 12/31/99<br>3rd<br>12/31/00            |                                      |                              | ·          |   |  |  |
| 12/31/00<br><sup>2nd</sup><br>12/31/01 | -190,821                             | 59,789                       | 131,032    | 12,044  | 118,988                                |  |
| 12/31/01<br>1st<br>12/31/02            | 59,789                               | -59,789                      | 131,032    | 12,014  | 110,300                                |  |
| 14/31/04                               | 33,103                               | -33,183                      |            | <del></del>   | <del></del>                            |  |
| NOL Carryover A                        | vallable To Current Year             |                              | 131,032    |   |  |  |
| Current Year                           | 0<br>12,044                          |                              |            | 12,044  | C                                      |  |
| NOL Carryover A                        | vailable To Next Year                |                              |            |   |  |  |
|  |                                      |                              |            |   | 118,988                                |  |

| Charitable Contributions |                         | Prior Ye                        | ear       | Current \                                      | Next Year              |           |
|--------------------------|-------------------------|---------------------------------|-----------|--|------------------------|-----------|
| Preceding<br>Tax Year    | Excess<br>Contributions | Utilized Or<br>Reclassed to NOL | Carryover | Reclassed to NOL<br>(Reg.Sec. 1.170A-11(c)(2)) | Carryovers<br>Utilized | Carryover |
| <sub>ith</sub> 12/31/98  |                         |                                 |           |  |                        |           |
| <sub>th</sub> 12/31/99   |                         |                                 |           |  |                        |           |
| m 12/31/00               |                         |                                 |           |  |                        |           |
| nd 12/31/01              |                         |                                 |           |  |                        |           |
| , 12/31/02               |                         |                                 |           |  |                        |           |
| <del></del>              | ion Carryover To Curr   | ent Year                        | 0         |  |                        |           |
| Current Year             | 0                       |                                 |           |  |                        |           |
| Charitable Contribut     | ion Carryover Availabl  | e To Next Year                  |           |  |                        |           |

Form 1120

#### **NOL and Contribution Carryover Worksheet - AMT**

For calendar year 2003 or tax year beginning , ending

2003

Name

Employer Identification Number

ENERGY MERCHANT MANAGEMENT CO., LLC

13-4146881

|                            |                                      | Prior Ye                        | ar         | Current Year  | Next Year |  |
|----------------------------|--------------------------------------|---------------------------------|------------|---|-----------|--|
| Preceding<br>Taxable Year  | Adj. To NOL<br>Inc/(Loss) After Adj. | NOL Utilized<br>(Income Offset) | Carryovers | Income Offset By<br>NOL Carryback/<br>Carryover<br>NOL Utilized | Carryover |  |
| 15th                       |                                      |                                 |            |   |           |  |
| 12/31/88                   |                                      |                                 |            |   |           |  |
| 14th<br>12/31/89           |                                      |                                 |            |   |           |  |
| 13th<br>12/31/90           |                                      |                                 |            | ·   |           |  |
| 12th<br>12/31/91           |                                      |                                 |            |   |           |  |
| 11th<br>12/31/92           |                                      |                                 |            |   |           |  |
| 10th<br>12/31/93           |                                      |                                 |            |   |           |  |
| 9th<br>12/31/94            |                                      |                                 |            |   |           |  |
| 3th<br>12/31/95            |                                      |                                 |            |   |           |  |
| 7th<br>12/31/96            |                                      |                                 |            |   |           |  |
| 6th<br>12/31/97            |                                      |                                 |            |   |           |  |
| 5th<br>12/31/98            |                                      |                                 |            | `   |           |  |
| 4th<br>12/31/99            |                                      |                                 |            | <b>.</b>  |           |  |
| 3rd<br>12/31/00            |                                      |                                 |            |   |           |  |
| <sup>2nd</sup><br>12/31/01 | -190,821                             | 59,789                          | 131,032    | 10,840  | 120,192   |  |
| 1st<br>12/31/02            | 59,789                               | -59,789                         |            |   | *         |  |
| NOL Carryover A            | vailable To Current Year             |                                 | 131,032    |   |           |  |
| Current Year               | 0<br>10,840                          |                                 |            | 10,840  | 0         |  |
| NOL Carryover A            | vailable To Next Year                |                                 |            |   | 120,192   |  |

| <b>Charitable Contributions</b>                          |                         | Prior Ye                        | ear       | Current \                                      | Next Year              |           |
|--|-------------------------|---------------------------------|-----------|--|------------------------|-----------|
| Preceding<br>Tax Year                                    | Excess<br>Contributions | Utilized Or<br>Reclassed to NOL | Carryover | Reclassed to NOL<br>(Reg.Sec. 1.170A-11(c)(2)) | Carryovers<br>Utilized | Carryover |
| 12/31/98   |                         |                                 |           |  |                        |           |
| 12/31/99   |                         |                                 |           |  |                        |           |
| 12/31/00   |                         |                                 |           |  |                        |           |
| 12/31/01   |                         |                                 |           |  |                        |           |
| 12/31/02   |                         |                                 |           |  |                        |           |
|  | ion Carryover To Curre  | ent Year                        |           | 0  |                        |           |
| Current Year   | 0                       |                                 |           |  |                        |           |
| Charitable Contribution Carryover Available To Next Year |                         |                                 |           |  |                        |           |

12128000 ENERGY MERCHANT MANAGEMENT CO., LLC
13-4146881 Federal Statements

13-4146881

FYE: 12/31/2003

1/25/2006 10:17 AM

#### Statement 1 - Form 1120, Page 1, Line 26 - Other Deductions

| Description          | <br>Amount   |
|----------------------|--------------|
| ADMIN FEES           | \$<br>18,333 |
| AUTO & TRAVEL        | 1,243        |
| BANK CHARGES         | 32           |
| DATA SERVICES        | 914          |
| OFFICE EXPENSE       | 10,224       |
| PROFESSIONAL FEES    | 40,075       |
| TELEPHONE & INTERNET | 3,633        |
| TOTAL                | \$<br>74,454 |

12128000 ENERGY MERCHANT MANAGEMENT CO., LLC
13-4146881 Federal Statements

13-4146881

1/25/2006 10:17 AM

FYE: 12/31/2003

## Statement 2 - Form 1120, Pg 3, Sch K, Question 5 - Did Entity Own 50% or More of Corp Stock?

| EIN/SSN    | Name of Entity   | Percent<br>Owned |
|------------|------------------|------------------|
| 51-0383350 | EMC CAPITAL CORP | 100.000          |
| TOTAL      |                  | 100.000          |

12128000 ENERGY MERCHANT MANAGEMENT CO., LLC
13-4146881 Federal Statements

13-4146881

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FYE: 12/31/2003

### Statement 3 - Form 1120, Page 4, Schedule L, Line 6 - Other Current Assets

| Description   | <br>Beginning<br>of Year | End<br>of Year |   |  |
|---------------|--------------------------|----------------|---|--|
| DUE FROM EMAC | \$<br>975,388            | \$             |   |  |
| TOTAL         | \$<br>975,388            | \$             | 0 |  |

### Statement 4 - Form 1120, Page 4, Schedule L, Line 18 - Other Current Liabilities

| Description | Beginning<br>of Year | End<br>of Year |
|-------------|----------------------|----------------|
| DUE TO EMC  | \$ 1,127,089         | \$             |
| TOTAL       | \$ 1,127,089         | \$0            |

022

### **FORM CT-1120**

| arnar  | a í | in | n  | Pari | e i | -  | •   | T | 24  | Return  |  |
|--------|-----|----|----|------|-----|----|-----|---|-----|---------|--|
| JUIDUI | αı  | ı  | 11 | u    | Э1  | и. | 3-3 |   | CX. | RELILIA |  |

| State Of Connecticut                          |   | Business Tax Return                                   |                   |               | 20                     | 003       |
|---|---|---|-------------------|---------------|------------------------|-----------|
| (Rev. 12/03) AD                               | Enter Income Year Beginning 1/01                          | /03 and ▶ Ending 1                                    | 2/31/03           | }             |                        |           |
| Total Assets                                  |   |   | Con               | necticut T    | Tax Registration Numbe | ۲.        |
| <b>▶</b> 465 00                               |   |   | <b>•</b>          |               |                        |           |
| Gross Receipts                                |   |   | DRS               | USE ON        | LY                     |           |
| <b>▶</b> 231,294 00                           | ENERGY MERCHANT MANAC                                     | -   |                   | -             | - 20                   |           |
| NAICS Code (see instructions)                 | 126 EAST 56TH ST, 33                                      |   | Fede              | eral Employ   | yer ID Number          |           |
| <b>▶</b> 541990                               | NEW YORK  | NY 10022  |                   |               |                        |           |
| Audited By F O                                |   |   | 13                | -4146         | 5881                   |           |
| CHECK AND COMPLETE ALL                        | APPLICABLE BOXES 4. If this is a                          | final return, has the corporation:                    | 5. Federal r      |               |                        |           |
| 1. Change of: 2. Return Status:               | 3. If this is a short period, check the corresponding     | olved 🕨 🔛 Withdrawn                                   | 1120              | > <b>▶</b> [] | 1120A ▶ 📗 1120H        | - 1       |
| Closing Initial Return                        | box: Merg   | ed/Reorganized (Enter survivor's                      | ▶ Othe            | r:            | ·                      |           |
| Month   | Merger Conr   | necticut Tax Registration Number)                     | ► X Con:          | solidated Ba  | asis:                  |           |
| Address Short Period                          | Acquisition   |   | Parent Co. Na     | ıme 🕨 I       | EMC CAPITAL            | Cd        |
| Return  | Change of Filing Status                                   |   | Parent Co. FE     | IN 🕨 5        | 51-0383350             |           |
| 6. Is this corporation exchang                | ing R & D tax credits? ▶ ☐ Yes (Attach F                  | orm CT-1120 XCH) X No                                 |                   |               |                        |           |
| 7. Was this company include                   | d in a Connecticut combined business tax re               | turn for the previous year?                           | X Yes ▶           | ☐ No          |                        | - [       |
| (If this is the first year elect              | ting or revoking combined status, attach Fori             | m CT-1120CC or Form CT-112                            | OCC-R)            |               |                        |           |
|   | a Connecticut combined business tax retun                 |   |                   |               |                        |           |
| 9. Is the principal place of bus              | siness located in Connecticut?▶ 🏻 Yes I                   | ▶ ☐ No If "No," enter stat                            | e where princ     | ipal place    | e of business is       | ĺ         |
| located                                       |   | Date of organization_12/(                             |                   |               |                        | İ         |
| Date qualified in Connectic                   | ut 12/08/00 Date business beg                             | an in Connecticut 12/08                               | 00                |               |                        | l         |
| 10. Is this corporation exempt from           | CT corporation business tax? Yes (Attac                   | ch explanation of exemption including                 | g statutory cite) | X No          |                        | - 1       |
| 11. Is this corporation annualiz              | ing its income?▶ ☐ Yes (Attach Form C                     | T-1120I) X No   |                   |               |                        | Ì         |
| 12. Is this company subject to                | o the interest add back or the intangible ex              | pense add back? ► Yes                                 | (Attach For       | m CT-112      | 20AB) X No             |           |
| - ATTACH A COMPLET                            | E COPY OF FORM 1120 INCLUDING ALL S                       | SCHEDULES AS FILED WITH 1                             | HE INTERN         | AL REVE       | NUE SERVICE -          |           |
| SCHEDULE A - COM                              | PUTATION OF TAX ON NET INC                                | OME   |                   |               |                        |           |
|   | ine 18) ( <mark>If 100% Connecticut, also enter</mark> on |   |                   | 1             | 12,044                 | 00        |
| 2. Apportionment fraction (Ca                 | rry to six places. See instructions.)                     |   | <b>&gt;</b>       | 2             | 1.0000                 | 10 d      |
| <ol> <li>Connecticut net income (M</li> </ol> | ultiply Line 1 by Line 2)                                 |   | ▶                 | 3             | 12,044                 | 00        |
| 4. Operating loss carryover (F                | Form CT-1120 ATT, Schedule H, Line 6, Colu                | ımn A)  | <b>•</b>          | 4             | 12,044                 | 00        |
| 5. Income subject to tax (Sub-                | tract Line 4 from Line 3)                                 |   | <b>•</b>          | 5             | 0                      | 00        |
| 6. TAX: Multiply Line 5 by 7.5                |   | <del></del>   | <b>.</b>          | 6             | 0                      | 00        |
|   | PUTATION OF MINIMUM TAX ON                                |   |                   |               | <u>à</u> _             |           |
| Minimum tax base (Schedu                      | ile E, Line 6, Column C) (If 100% Connectic               | ut, enter also on Line 3)                             | <b>)</b>          | 1             | -75,370                | 00        |
|   | rry to six places. See instructions.)                     |   | <b>&gt;</b>       | 2             | 1.0000                 |           |
|   |   |   |                   | 3             | -75,370                | 00        |
| 4. Number of months covered                   | by this return  |   |                   | 4 1           | .2                     |           |
| 5. Multiply Line 3 by Line 4, di              | *   |   |                   | 5             | -75,370                | 00        |
|   | dollar) Multiply Line 5 by .0031. (Maximum ta             |   | <b>.</b>          | 6             | 0                      | 00        |
|   | <u>PUTATION OF AMOUNT PAYABI</u>                          |   |                   |               |                        | $\square$ |
| 1a. Tax (Greater of Schedule A                | A, Line 6; Schedule B, Line 6; or \$250)                  |   |                   | 1a            | 250                    |           |
| 1b. Surtax (Line 1a multiplied b              | y 20% (.20))  |   | ▶                 | 1b            | 50                     | 00        |
| 1c. Recapture of Tax Credits (S               | See instructions)   |   |                   | 1c            |                        | 00        |
| TOTAL TAX (Enter the total)                   | If of Line 1a, Line 1b, and Line 1c. If no tax of         | redits claimed, also enter on Lin                     | e 6.)             | 1             | 300                    | 00        |
| 2. Multiply Line 1 by 30% (0.3                | (0)   |   | ▶                 | 2             | 90                     |           |
| 3. Enter the greater of Line 2                |   |   | <b>▶</b>          | 3             | 250                    |           |
| 4. Tax Credit Limitation (Subtr               | ract Line 3 from Line 1)                                  |   |                   | 4             | 50                     | 00        |
| 5. Tax Credits (Form CT-1120                  | DK, Part II, Line 11. Do not exceed amount                | on Line 4.)   |                   | 5             |                        | 00        |
|   | btract Line 5 from Line 1)                                |   |                   | 6             | 300                    | 00        |
| 7a. Paid with application for ext             | tension (Form CT-1120 EXT)                                |   |                   | 7a            |                        | 00        |
| 7b. Paid with estimates (Forms                | s CT-1120 ESA, ESB, ESC; & ESD)                           |   | ▶                 | 7b            |                        | 00        |
| 7c. Overpayment from prior year               | ar  | .,  | <b>&gt;</b>       | 7c            |                        | 00        |
| 7. TAX PAYMENTS (Enter the                    | e total of Lines 7a, 7b, and 7c)                          |   |                   | 7             |                        | 00        |
| 8. Balance of tax due (overpa                 | id) (Subtract Line 7 from Line 6)<br>00 int. ▶(9b)        |   | <b>&gt;</b>       | 8             | 300                    | 00        |
| 9. Add ►(9a)                                  | .00 Int. (9b)   | 00 CT-11201 (9c)                                      | 00                | 9             |                        | 00        |
| 10. Amount to be credited to 2004             | est, tax  (10a)00   | Refunded (10b)  |                   | 10            |                        | 00        |
| 11. Balance due with this retu                | urn (Add Line 8 and Line 9)                               |   | <b>&gt;</b>       | 11            | 300                    | 00        |
| Make check payable to: Com                    |   | Check if you do not want :                            |                   |               |                        |           |
|   | ch check to return with paper clip. Do not staple.)       | to you next year. (Checkir does not relieve you of yo | _                 | 1             |                        | 1         |
| •   | ox 2974, Hartford CT 06104-2974                           | responsibility to file.)                              |                   |               |                        |           |

|                           | MERCHANI MANAGEMEN  |                                  | -4140001                                |            |  |          |              |                |                |             |          |
|---------------------------|---|----------------------------------|---|------------|--|----------|--------------|----------------|----------------|-------------|----------|
| SCHEDL                    |   |                                  |   |            |  |          |              |                | 10             | 044         |          |
|                           | taxable income (loss) before net operation                            |                                  |   |            | <b>~</b> `                                       | <u> </u> | ┼            | <del></del>    | 12,            | U44         |          |
| 2. Interest               | income wholly exempt from federal tax                                 |                                  | • |            | .,   | 2        | ┼─           |                |                |             | 00       |
| 3. Unation                | rable deduction for corporation tax (Scheo                            | ule F, Line 6)                   |   |            |  | 3        | }            | <del>,</del>   |                |             | 00       |
| 4. Interest               | expenses paid to a related member (For                                | mm CI-1120AB, Pall I A           | AB Continuin                            |            |  | 5        | ┼─           |                |                |             | 00       |
|                           |   |                                  |   |            |  | 6        | <del> </del> |                |                |             | 00       |
|                           | bonus depreciation (See instructions) (Add Lines 1 through 6)         |                                  |   |            | L .  | 7        | ├─           |                | 12,            | 044         | 00       |
|                           | d deduction (Form CT-1120 ATT, Schedu                                 | do l'Lipo A)                     | <del></del>                             |            |  | 8        | <del> </del> |                | 14,            | 0.2.2       | 00       |
| 9. Capital                | loss carryover (if not deducted in comput                             | ing federal capital gain)        | • |            |  | 9        | ┼─           |                |                |             | 00       |
|                           |   |                                  |   |            | _ ·  | 10       | <del> </del> |                |                |             | 00       |
|                           | bonus depreciation recovery (Form CT-1                                | 1120 ATT Schedule ! !            | ine 5)                                  |            |  | 11       | <del> </del> |                |                |             | 00       |
| 12 Excenti                | ons to interest add back (Form CT-1120                                | AR Part II A Line 1)             |   |            |  | 12       | <del> </del> |                |                |             | 00       |
| 13 Exception              | ons to interest add back (Form CT-1120                                | AB, Part II A Line 2)            |   |            | · · · · · · · · · · · · · · · · · · ·            | 13       | _            |                |                |             | 00       |
| 14 Exception              | ons to interest add back (Form CT-1120                                | AB. Part II A Line 3)            |   |            |  | 14       | _            |                |                |             | 00       |
|                           | ons to add back of intangible expenses p                              |                                  |   |            | ******   |          | _            |                |                |             | <u> </u> |
|                           | CT-1120 AB, Part II B, Line 1)  |                                  |   |            | ▶Ì   | 15       | ]            |                |                |             | 00       |
|                           |   |                                  |   |            | <b>.</b>   | 16       | 1            |                | <del></del>    |             | 00       |
|                           | (Add Lines 8 through 16)  |                                  |   |            |  | 17       |              |                |                | 0           | 00       |
|                           | COME (Subtract Line 17 from Line 7. Ent                               |                                  |   |            | <b>&gt;</b>                                      | 18       |              |                | 12,            |             | _        |
|                           | ILEE - COMPUTATION OF N   |                                  |   | A          | COLUMI   | 1 B      |              |                | DLUMN          |             | تعتيسا   |
|                           | (See instructions)  |                                  | BEGINNING OF                            | FYEAR      | END OF Y   | EAR      |              |                |                |             | _        |
| 1. Capital :              | stock (federal Schedule L, Line 22a and I                             | Line 22b)                        |   | 00         |  | 500      | 00           | ,              | A MMU.         | •           |          |
|                           | and undivided profits (federal Schedule L, Lines                      |                                  | -151,2                                  | 04 00      |  | -35      | 00           |                | DLUMN          |             |          |
|                           |   |                                  |   | 00         |  |          | 00           | עוט            | IDED I         | BY 2        |          |
| 4. Total (Ad              | d Lines 1, 2, and 3), Enter average in Column C                       |                                  | -151,2                                  | 04 00      |  | 165      | 00           |                | 75,3           | 370         | 00       |
| 5. Holdings<br>Enter ave  | of stock of private corporations (attach schedule<br>rage in Column C | B).                              |   | 00         | · · · · · · · · · · · · · · · · · · ·            |          | 00           |                |                |             | 00       |
| 6. Balance                | (Subtract Line 5, Column C, from Line 4                               | , Column C. Enter here :         | and on Schedule I                       | B, Line 1  | .)   |          |              | '              | 75,            | 370         | 00       |
| SCHEDU                    | LE F TAXES  |                                  |   |            | COLUMN   |          |              | CC             | LUMN           | 1B          |          |
| 1. Payroll                |   |                                  |   |            | 8,6  | 583      | 00           |                |                |             |          |
| 2. Real pro               | perty   |                                  | <del></del>                             |            |  |          | 00           |                |                |             |          |
| <ol><li>Persona</li></ol> |   |                                  | <del></del>                             |            | <del>~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~</del> |          | 00           |                |                |             |          |
| 4. Sales ar               | nd use  |                                  | <del></del>                             |            |  |          | 00           |                |                |             |          |
|                           | Gee instructions)   |                                  | <u> </u>                                |            | 2,6  | 516      | 00           |                |                |             |          |
|                           | ticut corporation business (Deducted in the                           |                                  |   |            |  |          |              |                | <del></del>    |             | 00       |
|                           | or measured by income or profits impose                               |                                  |   |            |  |          |              |                |                |             |          |
|                           | ed in the computation of federal taxable in                           |                                  | DULE                                    |            | L <del> </del>                                   |          |              |                |                |             | 00       |
|                           | allowable deduction for corporation busin                             | • •                              |   |            |  |          |              |                |                |             |          |
|                           | e 6 and Line 7, Column B. Enter here an<br>LE G -ADDITIONAL REQUIR    |                                  |   | obodul     | o of Officers                                    |          |              | SEE            | Cm             | Mritt       | 00<br>1  |
| SCHEDU                    | Connecticut town(s) does the corporation                              |                                  |   |            |  | <u> </u> |              |                | 911            | M.T.        | <u>+</u> |
|                           | ON, CT & RIDGEFIELD   |                                  | e) real or langible                     | persona    | r property, or per                               | ionii s  | servi        | ces?           |                |             |          |
|                           | his corporation directly or indirectly transfer a co                  |                                  | Ouning Connecticut                      |            |  |          | $\Box$       | Yes            | <b>→ X</b>     | No          |          |
|                           | enter: Transferee Name  | mitoning afterest in all endry   | •                                       |            | er ID Number                                     |          | Ч            | 163            | - <u>[45</u> ] | 140         |          |
|                           | there a direct or indirect transfer of a controlling                  | interest in vour company or      |   |            |  | <u> </u> | П            | Yes            | ▶ X            | No          |          |
|                           | enter: Transferor Name  | interest in your company or      |   |            | er ID Number                                     |          | لبا          | 103            |                | 110         |          |
|                           | corporation at any time during the year or                            | wn a majority of the votin       |   |            |  | <u> </u> |              | Yes            | ▶ X            | No          |          |
| _                         | enter: Corporation Name   | mi a majority of the voti        | -                                       | •          | er ID Number                                     |          | لــا         | 163            |                | 140         |          |
|                           | able year this corporation was audited by                             | the Internal Revenue Se          |   | Linploy    | i io riginiori                                   |          |              | <del></del>    |                | <del></del> |          |
|                           | ljustments reported to Connecticut? ▶                                 | <del>~</del> . ~                 | (If "No," attach exp                    | olanation  | .)   |          |              |                |                |             |          |
|                           | ON: I declare under penalty of law that I have ex                     |                                  |   |            |  | nd to t  | the h        | est of my ki   | nowlede        | a and       | hali     |
|                           | it is true, complete, and correct. I understar                        | nd that the penalty for willfull | y delivering a false re                 | atum to DF | RS is a fine of not m                            | ore tha  | an \$5,      | ,000, or imp   | orisonm        | ent for     |          |
| :                         | not more than five years, or both. The deck                           | aration of a paid preparer oth   | ner than the taxpayer                   | is based o | on all information of                            | which    | the p        | reparer has    | s any kn       | owled       | је.      |
|                           | Signature of Corporate Officer  | Title                            |   | Date       | <del></del>                                      |          | Мау Г        | ORS contac     | t the or       | eparer      |          |
| SIGN HERE                 | - G   |                                  |   |            |  | ı        | -            | n below abo    | -              | -           |          |
| Кеер а сору               | Paid Preparer's Signature   |                                  | ·                                       | Telepho    | one Number                                       | 7        | _            | Yes            |                | No          |          |
| of this                   | repaire e egranne   |                                  | ٠                                       |            | -319-3560  | o        | _            | ee instruction |                |             |          |
| return for                | Firm's Name and Address   |                                  | . 1                                     | Date       |  |          |              | rer's SSN c    |                | ···         | _        |
| your records              | JEFFERSON, URIAN, D   | OANE & STERN                     | IER, P.A.                               |            | 25/06  |          |              | 03191          |                |             |          |
| ,                         | PO BOX 477  |                                  | - · · · · · · · · · · · · · · · · · · · | FEIN       | ——————————————————————————————————————           |          |              | hone Numb      |                |             | _        |
| :                         |   | 70-0477                          |   | 51-        | 0212284  |          | -            | 2-539          |                | 43          |          |

Department of Revenue Services State of Connecticut

2003

(Rev. 12/03)

# Form CT-1120 ATT Corporation Business Tax Return Attachment Schedules H, I, and J

- See Instructions on Reverse -

|                                     | CONNECTICUT TAX REGISTRATION NUMBER |
|-------------------------------------|-------------------------------------|
| Corporation Name                    |                                     |
| ENERGY MERCHANT MANAGEMENT CO., LLC |                                     |

### SCHEDULE H - Connecticut Apportioned Operating Loss Carryover

|    |      | Connecticut               | Loss Applied to      | Loss Applied           | Loss Applied           | Loss Applied           | COLUMN A                            |                                | COLUMN B |    |
|----|------|---------------------------|----------------------|------------------------|------------------------|------------------------|-------------------------------------|--------------------------------|----------|----|
|    |      | Apportioned Income (Loss) | Income Year 1999     | to Income<br>Year 2000 | to Income<br>Year 2001 | to Income<br>Year 2002 | Loss Applied to<br>Income Year 2003 | Remaining L<br>Available for 2 |          |    |
| 1. | 1998 |                           |                      |                        |                        |                        |                                     |                                |          |    |
| 2. | 1999 |                           |                      |                        |                        |                        |                                     |                                |          |    |
| 3. | 2000 |                           |                      | <del></del>            |                        |                        | ,                                   |                                |          |    |
| 4. | 2001 | -190,821                  |                      |                        |                        | 59,789                 | 12,044                              |                                | 118,988  |    |
| 5. | 2002 | 59,789                    | ·                    |                        |                        |                        |                                     |                                |          |    |
| 6. |      | • .                       | nrough 5 in Column A | •                      | ~                      | · i                    | <b>▶</b> 12,044                     | 00                             | 118,988  | 00 |

### **SCHEDULE I - Dividend Deduction**

|    |   | COLUMN A    |    | COLUMN B          | COLUMN C                     | COLUMN D                           | $\bot$ | COLUMN E        | <u> </u> |
|----|---|-------------|----|-------------------|------------------------------|------------------------------------|--------|-----------------|----------|
|    |   | Amount      |    | Deduction<br>Rate | Balance<br>(Col. A x Col. B) | Related Expenses (attach schedule) |        | Dividend Deduct |          |
| 1. | Dividend Income included in Computation of Federal Taxable Income (Form CT-1120, Schedule D, Line 1). See instructions. | <b>&gt;</b> | 00 |                   |                              |                                    |        |                 |          |
| 2. | Dividends from domestic corporations less than 20% owned.   | <b>&gt;</b> | 00 | 70% (.70)         |                              | <b>&gt;</b>                        | 00     |                 | 00       |
| 3. | Dividend Balance (Subtract Line 2 from Line 1).   |             | 00 | 100% (1.0)        | ·                            | <b>&gt;</b>                        | 00     |                 | 00       |
| 4. | TOTAL DIVIDEND DEDUCTION (Add Enter the result here and on Form CT-   | ·           |    | •                 |                              | À                                  |        |                 | 00       |

SCHEDULE J - Bonus Depreciation Recovery

|    | Assets Subject to I.R.C. §168(k)                                   | COLUMN A                     | COLUMN B                       | COLUMN C                        |  |  |  |  |
|----|--|------------------------------|--------------------------------|---------------------------------|--|--|--|--|
|    | Placed in Service  | 2003 MACRS Depreciation on   | 2003 MACRS Depreciation on     | 2003 Recovery of I.R.C. §168(k) |  |  |  |  |
|    | During Income Year   | Federal Basis                | Connecticut Basis              | Bonus Depreciation              |  |  |  |  |
|    |  | (After I.R.C. §168(k) Bonus) | (Without I.R.C. §168(k) Bonus) | (Col. B - Col. A)               |  |  |  |  |
| 1. | 2000   |                              |                                | 00                              |  |  |  |  |
| 2. | 2001   |                              |                                | 00                              |  |  |  |  |
| 3. | 2002   |                              |                                | 00                              |  |  |  |  |
| 4. | 2003   |                              |                                | 00                              |  |  |  |  |
| 5. | FEDERAL BONUS DEPRECIATION R Enter the result here and on Form CT- |                              | in Column C.                   |                                 |  |  |  |  |

CT Net Operating Loss Carryover Worksheet

CT-1120

Enter income year beginning 1/01/03 and ending 12/31/03

Name

ENERGY MERCHANT MANAGEMENT CO., LLC 13-4146881

CT Net Operating Loss Carryover Worksheet

2003

2003

1/01/03 and ending 12/31/03

CT Tax Registration No.

|                           |   | Prior Year                            |            | Current Year              | Next Year |
|---------------------------|---|---------------------------------------|------------|---------------------------|-----------|
| Preceding<br>Taxable Year | CT Net Income or<br>(CT Net Loss)       | NOL Utilized<br>(Income Offset)       | Carryovers | Carryover<br>NOL Utilized | Carryover |
| 5th                       |   |                                       |            |                           |           |
| 12/31/98                  |   |                                       |            |                           | ·         |
| 4th 12/31/99              |   |                                       |            |                           |           |
| 3rd<br>12/31/00           |   |                                       |            |                           |           |
| <sup>2nd</sup> 12/31/01   | -190,821                                | 59,789                                | 131,032    | 12,044                    | 118,988   |
| 1st<br>12/31/02           | 59,789                                  | -59,789                               |            |                           |           |
| NOL Carryover Ava         | ailable To Current Year                 | ·                                     |            |                           | ,         |
|                           |   |                                       | 131,032    |                           |           |
| Current Year              | 12,044                                  | · · · · · · · · · · · · · · · · · · · |            | 12,044                    | 0         |
| NOL Carryover Av          | ailable To Next Year                    |                                       |            |                           |           |
|                           | - · · · · · · · · · · · · · · · · · · · |                                       |            |                           | 118,988   |

12128000 ENERGY MERCHANT MANAGEMENT CO., LLC
13-4146881 Connecticut Statements

FYE: 12/31/2003

13-4146881

1/25/2006 10:17 AM

Statement 1 - Form CT-1120, Page 2, Schedule G - Corporate Officers

Address City/St/Zip Title Name RIDGEFIRLD, CT 06877 MICHAEL S CORNISH FLORIDA HILL RD PRESIDENT

| » <sup>4</sup> |  | Departm            | nent of the Trea  | asury Internal Revenue      | Service                | 00                |               | 1   | Ci.       |   |
|----------------|--|--------------------|-------------------|-----------------------------|------------------------|-------------------|---------------|---|-----------|---|
| Form           | 106  | b U.S.             |                   |                             | ship Incom             | e 20              | U2            | 1/1/  | 1///      |   |
|                | ► See separate instructions. IRS use only to not write or staple in this pace.  For calendar year 2002, or tax year beginning , 2002, and ending , 20 OMB No.1545-0099 |                    |                   |                             |                        |                   |               |   |           |   |
|                |  | ····               | tax year be       | ginning                     | , 2002, a              | and ending        | <del></del>   | , 20  | 10        | OMB No.1545-0099                            |
| A Prin         | cipal bus  | iness activity     | Use the           |                             |                        |                   |               | \   |           | Employer identification number              |
| HEDG           | ווים ים  | מא                 | IRS               | ENERGY MER                  | CHANT INVES            | מוות פפחדי        | וז ח          | c 4   | 13        | -4146885                                    |
|                |  | duct or service    | label.<br>Other-  | 126 EAST 5                  | 6TH ST., 33            | FLR               | ים, או        |   |           | Date business started                       |
| COMM           |  | 1                  | wise,             | NEW YORK,                   | NY 10022               |                   |               |   | 1         | /01/2001                                    |
|                |  | e number           | print<br>or type. | 1                           |                        | ,                 |               |   |           | Total assets (see instrs)                   |
| 5259           |  |                    | o, 13 pos         |                             |                        |                   |               |   | s         | 6,012,356.                                  |
|                |  | olicable boxes     | : (1)             | Initial return (            | 2) Final return        | (3) Nam           | e change      | (4) Address chan  | ge (5     | Amended return                              |
|                |  | ounting meth       | <u></u> -         | <del> </del>                | 2) X Accrual           | · · ·             | -             | cify)   | • `       | י עבאן                                      |
|                |  | _                  |                   | one for each pers           | son who was a pa       |                   |               | ing the tax year  |           | > 3   |
| Caution        | ı: İnciu   | ide only trade     | or busines        | s income and ex             | penses on lines 1      | a through 22      | below.        | See the instructions                                      | or mor    | e information.                              |
|                |  |                    |                   |                             |                        |                   |               |   |           |   |
| - 1            |  |                    |                   |                             |                        |                   |               |   |           |   |
|                | <b>. Ե</b> և   | .ess returns a     | ind allowan       | ces                         |                        |                   | 1 b           | <del></del>   | 1 c       | ······································      |
| Ņ              |  |                    |                   | atuat of A. House ON        |                        |                   |               |   |           |   |
| C              | 1  |                    |                   |                             |                        |                   |               |   |           | <del></del>                                 |
| ME             | _  | •                  |                   |                             |                        | •                 | • • • • • • • | ***************************************                   | 3         |   |
| -              |  |                    |                   |                             | ships, estates, an     |                   |               |   | 4         |   |
| į              | ,  |                    | •                 |                             |                        |                   |               |   |           |   |
|                |  | •                  |                   |                             |                        |                   |               |   | 6         | <del></del>                                 |
|                |  | Other income       |                   |                             |                        |                   |               |   |           |   |
| - 1            |  | attach sched       |                   |                             |                        |                   |               |   | 7         |   |
| }              |  |                    |                   |                             |                        |                   |               |   |           |   |
|                | 8 1  | Total income       | (lass). Com       | bine lines 3 thro           | ugh 7                  | <u></u>           | · · · · · · · |   | 8         |   |
| Ş              |  |                    |                   | 41 4                        |                        |                   |               |   |           |   |
| Ē              |  |                    |                   |                             |                        | •                 |               |   |           |   |
| , N            |  | -                  | -                 |                             |                        |                   |               |   | 10        | <u>.</u>                                    |
| PF             |  | •                  |                   |                             |                        |                   |               |   | 12        | <del>,</del>                                |
| EDU            |  |                    |                   |                             |                        |                   |               |   | 13        |   |
| CT             |  |                    |                   |                             |                        |                   |               |   | 74        |   |
| T              |  |                    |                   | •                           |                        | •                 |               |   | 15        |   |
| o s            | 16 a [   | Depreciation (     | if required,      | attach Form 456             | 2)                     |                   | 16a           |   |           |   |
| NFS            | <b>b</b> l   | ess deprecia       | tion reporte      | d on Schedule A             | and elsewhere or       | n return          | 16b           |   | 16c       |   |
| R              |  | •                  |                   |                             |                        |                   |               | *******   | 17        |   |
| 1              |  | •                  |                   |                             |                        |                   |               | •                   | 18        |   |
| Ţ)             | 19 E   | Employee ben       | efit prograr      | ns                          |                        |                   |               |   | 19        | <del></del>                                 |
| À              | 20 (   | Other deduction    | ns                |                             | •                      | ÷                 | ~~            | Ti com a meraterissen -                                   |           | 00.000                                      |
| i              | (  | attach schedu      | ıle)              |                             | •••••                  |                   | SE            | E.STATEMENT.1   | 20        | 36,013.                                     |
| N<br>S         | 21 7   | tatal dadwatia     | ne Add th         | a amounte chou              | n in the for right o   | aluma far line    | .c. () 6h     | ough 20   | 21        | 3 C 010                                     |
| 1              | 21 1   | otal deductio      | ms. Add th        | e amounts show              | THE USE FALLIGHT C     | oratin tot nne    | 2 7 (III)     | Jugit 20  | 41        | 36,013.                                     |
|                | 22 (   | Ordinary inco      | <br>me (loss) fi  | rom trade or busi           | ness activities. Si    | ibtract line 21   | from li       | ne 8  | 22        | -36,013.                                    |
|                | دد (   |                    |                   |                             |                        |                   |               |   |           |   |
|                |  | belief, it is true | , correct, and    | complete. Declaration       | of preparer (other tha | n general partner | or limited    | fules and statements, and t<br>d liability company member | ) is base | d on all information of                     |
| Sign<br>Here   |  | which preparer     | nas any know      | reage. CVIFI                | NTIS COP               | Υ                 | 1             | ,   |           | 1   |
| Here           |  |                    | 101               |                             | 100 001                | ı                 |               | <b>-</b>  | with the  | RS discuss this return preparer shown below |
|                |  | Signature o        | f general partn   | ner or limited liability or | ompany member          |                   |               | Date  | (see in:  | itrs)? X Yes No                             |

PO BOX 549

CHARLES F. CURCIO,

BEL AIR, MD 21014

Paid

Preparer's Use Only

**►** 23-2469983

Phone no.

(410) 893-2768

| Şē       | require Cost of Goods Sold (see instructions)   |                  |                   |               |        |
|----------|---|------------------|-------------------|---------------|--------|
| 1        | Inventory at beginning of year  | 1 1              |                   |               |        |
| 2        | Purchases less cost of items withdrawn for personal use   | 2                |                   |               |        |
| 3        | Cost of labor   | 3                |                   |               |        |
| 4        | Additional section 263A costs   | 1                |                   |               |        |
| 7        | (attach schedule)   | 4                |                   |               |        |
| 5        | Other costs   |                  |                   |               |        |
| 9        | (attach schedule)   | 5                |                   |               |        |
| 6        | Total. Add lines 1 through 5  | 6                |                   |               |        |
| 7        | Inventory at end of year  | 7                |                   |               | ······ |
| 8        | Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2   | 8                |                   |               |        |
| 9 8      | Check all methods used for valuing closing inventory:   |                  |                   | <del></del>   |        |
|          | (i) Cost as described in Regulations section 1.471-3  |                  |                   |               |        |
|          | (ii) Lower of cost or market as described in Regulations section 1.471-4  |                  |                   |               |        |
|          | (iii) Other (specify method used and attach explanation)  |                  |                   |               |        |
| Ł        | Check this box if there was a writedown of 'subnormal' goods as described in Regulations section 1.471-2(c)   | <del>-</del>     |                   |               | Γ      |
| •        | Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form  | 970).            |                   | ►             | 1      |
| (        | Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership?   |                  | []                | Yes           | No     |
| •        | Was there any change in determining quantities, cost, or valuations between opening and closing inventory?  |                  | [7]               | Yes           | No     |
|          | If 'Yes', attach explanation.   |                  |                   | -             | •      |
| Đē.      | Other Information   |                  |                   |               |        |
| 1        | What type of entity is filing this return? Check the applicable box:  |                  | ·                 | Yes           | No     |
| a        | Domestic general partnership b Domestic limited partnership   |                  |                   |               |        |
| •        | : X Domestic limited liability company d Domestic limited liability partnership   |                  |                   |               |        |
| e        | Foreign partnership f Other   |                  |                   |               |        |
| 2        | Are any partners in this partnership also partnerships?   |                  |                   |               | X      |
| 3        | During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? instructions for required attachment  | entity<br>If yes | that<br>, see     | X             |        |
| . 4      | Is this partnership subject to the consolidated audit procedures of sections 6221 through 6233? If 'Yes,' see De of Tax Matters Partner below.  | signa            | tion              | . X           |        |
| 5        | Does this partnership meet all three of the following requirements?   |                  |                   | Serve Control |        |
| a        | The partnership's total receipts for the tax year were less than \$250,000;   |                  |                   |               |        |
| t        | The partnership's total assets at the end of the tax year were less than \$600,000; and   |                  |                   |               |        |
| c        | Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including exter for the partnership return.  |                  |                   |               |        |
|          | If 'Yes,' the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065 Item J on Schedule K-1.  |                  | · · · · · · · · · |               | X      |
| 6        | Does this partnership have any foreign partners? If 'Yes,' the partnership may have to file Forms 8804, 8805 and 8813. See instructions   |                  |                   |               | X      |
| 7        | Is this partnership a publicly traded partnership as defined in section 469(k)(2)?  |                  |                   |               | X      |
| 8        | Has this partnership filed, or is it required to file, Form 8264, Application for Registration of a Tax Shelter?  |                  |                   | ··            | X      |
| 9        | At any time during calendar year 2002, did the partnership have an interest in or a signature or other authority a financial account in a foreign country (such as a bank account, securities account or other financial account)   | over<br>?        |                   | 1             | 1      |
|          | a financial account in a foreign country (such as a bank account, securities account, or other financial account). See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of   | •                |                   | 1             |        |
|          | the foreign country. > BERMUDA  | <b>.</b>         |                   | X             |        |
| 10       | During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a fires, the partnership may have to file Form 3520. See instructions   | oreigr           | trust?            |               | х      |
| 11       | Was there a distribution of property or a transfer (e.g., by sale or death) of a partnership interest during the tax If 'Yes,' you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statem described in the instructions under Elections Made By the Partnership. | year<br>ent      | ?                 |               | Х      |
|          | Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attach to this return  | ed               | 0                 |               |        |
| <u> </u> | ignation of Tax Matters Partner (see instructions)  |                  |                   |               |        |
|          |   |                  |                   |               |        |
| -nte     | r below the general partner designated as the tax matters partner (TMP) for the tax year of this return:  |                  |                   |               |        |
| Vam      | e of S. Identifying   |                  |                   |               |        |
|          | nated TMP ► MICHAEL CORNISH number of TMP ► 10  | 1-58             | 3-576             | 0 .           |        |
| Addr     | ess of 369 FLORIDA HILL RD  |                  |                   | <del></del>   |        |
|          | nated TMP RIDGEFIELD, CT 06877  |                  |                   |               |        |

| Sched            | Partners' Shares of Income, Credits, Deductions, etc   |                |   |
|------------------|--|----------------|---|
|                  | (a) Distributive share items   |                | ) Total amount                          |
|                  | 1 Ordinary income (loss) from trade or business activities (page 1, line 22)   | 1              | -36,013                                 |
|                  | 2 Net income (loss) from rental real estate activities (attach Form 8825)  | 2              |   |
|                  | 3a Gross income from other rental activities   |                |   |
|                  | b Expenses from other rental activities (attach sch)   |                |   |
|                  | c Net income (loss) from other rental activities. Subtract line 3b from line 3a  |                |   |
| ı                | 4 Portfolio income (loss): aInterest income  |                | 61,528                                  |
|                  | b Ordinary dividends.  |                | 4,200                                   |
| Income           | c Royalty income.  |                | .,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, |
| (Loss)           | d Net short-term capital gain (loss) (attach Schedule D (Form 1065))   |                | 3,383,670                               |
|                  | e (1) Net long-term capital gain (loss) (attach Schedule D (Form 1065))  |                | 3,303,010                               |
|                  |  |                |   |
|                  | f Other portfolio income (loss) (attach schedule)  |                | and had some a second some              |
|                  |  | 1              |   |
|                  | 5 Guaranteed payments to partners  |                | <del></del>                             |
|                  | 6 Net section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797)  | ·              |   |
|                  | 7 Other income (loss)  |                | ·                                       |
|                  | 8 Charitable contributions (attach schedule)   | 8              |   |
| Deduc-           | 9 Section 179 expense deduction (attach Form 4562)   | <del></del>    | ·                                       |
| tions            | 10 Deductions related to portfolio income (itemize)  | 10             |   |
|                  | 11 Other deductions  | 17             | 79,491.                                 |
|                  | 12a Low-income housing credit:   |                |   |
| Credits          | (1) From partnerships to which section 42(j)(5) applies  | 12a (1)        |   |
|                  | (2) Other than on line 12a(1).  b Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468). | 12a (2)<br>12b |   |
|                  | c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities                                   |                |   |
|                  | d Credits related to other rental activities   | 12d            |   |
|                  | 13 Other credits   | <del></del>    |   |
|                  | 14a Interest expense on investment debts   | <del> </del>   | 3,948.                                  |
| Invest-<br>ment  | b (1) Investment income included on lines 4a, 4b, 4c, and 4f above   | <del></del>    | 65,728.                                 |
| Interest         | (2) Investment expenses included on line 10 above  |                |   |
| Self-            | 15 a Net earnings (loss) from self-employment.   |                | <del></del>                             |
| Employ-          | b Gross farming or fishing income  | <del></del>    | <del></del>                             |
| ment             | c Gross nonfarm income.  | <del></del>    | _ <del></del>                           |
|                  | 16a Depreciation adjustment on property placed in service after 1986.  |                |   |
| Adjust-<br>ments | b Adjusted gain or loss  |                | · · · · · · · · · · · · · · · · · · ·   |
| and Tax          | c Depletion (other than oil and gas)   | 16c            |   |
| Prefer-<br>ence  | d (1) Gross income from oil, gas, and geothermal properties  | 16d (1)        |   |
| Items            | (2) Deductions allocable to oil, gas, and geothermal properties  | 16d (2)        |   |
|                  | e Other adjimnts & tax pref items  | 16e            |   |
|                  | 17 a Name of foreign country or U.S. possession  |                |   |
|                  | <b>b</b> Gross income from all sources   | 17b            |   |
|                  | c Gross income sourced at partner level  | 17c            |   |
|                  | d Foreign gross income sourced at partnership level:   |                |   |
|                  | (1) Passive (2) Listed categories (attach sch) (3) General limitation  | 17 d (3)       |   |
| Foreign          | e Deductions allocated and apportioned at partner level:   |                |   |
| Taxes            | (1) Interest expense (2) Other.  | 17e (2)        |   |
|                  | f Deductions allocated and apportioned at partnership level to foreign source income:  |                |   |
|                  | (1) Passive (2) Listed categories (attach sch) (3) General limitation  | 17f (3)        |   |
|                  | g Total foreign taxes (check one): ► Paid Accrued  | 17g            |   |
| ļ                | h Reduction in taxes available for credit (attach schedule)  | 17h            |   |
|                  | 18 Section 59(e)(2) expenditures: a Type b Amount b  | 18b            |   |
|                  | 19 Tax-exempt interest income.   | 19             |   |
|                  | 20 Other tax-exempt income   | 20             |   |
| Other            | 21 Nondeductible expenses  | 21             |   |
|                  | 22 Distributions of money (cash and marketable securities)   |                | 3,703,041.                              |
|                  | 23 Distributions of property other than money  | 23             |   |
|                  | 24 Other items and amounts required to be reported separately to partners  |                |   |

| •     | •   |  |  |                          |  |                       |             |                   |
|-------|---|--|--|--------------------------|--|-----------------------|-------------|-------------------|
| For   | n 1065 (2002) ENERGY ME   | RCHANT INV   | ESTORS E   | FUND, LLC                | 13-4146885   |                       |             | Page              |
| An    | alysis of Net Income (Loss)   |  |  |                          |  |                       |             |                   |
| 1     | Net income (loss). Combine Sch<br>sum of Schedule K, lines 8 throu  | edule K, lines 1   | through 7 in   | column (b). F            | rom the result, s  | ubtract the           | 1           | 3,329,946         |
| 2     | Analysis by partner type: (i) Corporate   | (ii) Individu<br>(active)  | al (iii  | ) Individual<br>passive) | (iv) Partnershi  |                       | empt        | (vi) Nominee/Othe |
|       | a General partners 171,832.   | 3,158,1  | 14.  |                          |  |                       |             |                   |
| Note  | s schedules L, M-1 and M-2 are no   | ot required if Qu  | estion 5 of 9  | Schedule B is            | answered 'Yes.'  |                       |             | <del></del>       |
|       | Balance Sheets pe   |  |  | ginning of tax           |  |                       | End of ta   | x year            |
| 11222 | Assets  |  | (a)  |                          | (b)  | (c)                   |             | (d)               |
| 7     | Cash  |  |  |                          |  |                       |             | 737               |
| 2:    | Trade notes and accounts receive  | able   |  |                          |  |                       |             |                   |
| i     | Less allowance for bad debts  |  |  |                          |  |                       |             |                   |
| 3     | Inventories   |  | And the same of the party of the   |                          |  | والمستشرة والمراشية   |             |                   |
|       | U.S. government obligations   |  |  |                          |  |                       |             |                   |
| 5     | Tax-exempt securities   |  |  | \$                       |  |                       |             |                   |
| 6     | Other current assets (attach schedule)  |  |  |                          |  |                       |             |                   |
| 7     | Mortgage and real estate loans  |  |  |                          |  |                       |             |                   |
| 8     | Other investments (attach schedule) S   |  |  |                          | 6,366,252.   |                       |             | 6,011,619         |
| 9:    | Buildings and other depreciable a   | ssets  |  |                          |  |                       |             |                   |
| ŧ     | Less accumulated depreciation   |  |  |                          |  |                       |             |                   |
| 10 a  | Depletable assets   |  |  |                          |  |                       |             |                   |
| ŧ     | Less accumulated depletion  |  |  |                          |  |                       |             |                   |
| 11    | Land (net of any amortization)  |  |  |                          |  |                       |             |                   |
| 12 a  | Intangible assets (amortizable on   | ly)  |  |                          |  |                       |             |                   |
| ŀ     | Less accumulated amortization   |  |  |                          |  |                       |             |                   |
| 13    | Other assets (attach schedule)  |  |  |                          |  |                       |             |                   |
| 14    | Total assets  |  |  |                          | 6,366,252.   |                       |             | 6,012,356         |
|       | Liabilities and Capital   |  |  |                          |  |                       |             |                   |
| 15    | Accounts payable  | , , , , , <sub>,</sub> , , , , , , ,   |  | - 1                      | 20,000.  |                       |             | 33,200            |
| 16    | Mortgages, notes, bonds payable in less th  |  |  |                          |  |                       |             |                   |
| 17    | Other current liabilities (attach sch) Si   | EE.ST4   |  |                          | 1,000.   |                       |             | 7,000             |
| 18    | All nonrecourse loans   |  |  |                          |  |                       |             |                   |
| 19    | Mortgages, notes, bonds payable in 1 year   | The state of the s |  |                          |  |                       |             |                   |
| 20    | Other liabilities (attach schedule)   |  |  |                          |  |                       | _           |                   |
| 21    | Partners' capital accounts  | 3  |  |                          | 6,345,252.   |                       |             | 5,972,156         |
|       | Total liabilities and capital   |  | and the same of th |                          | 6,366,252.   |                       |             | 6,012,356         |
| 1     | Reconciliation  |  |  |                          |  |                       | <del></del> | <del></del>       |
| 1     | Net income (loss) per books   |  | 3,329,94   | 6. 6 Incor               | ne recorded on books :<br>chedule K, lines 1 thou                              | this year not include | đ           |                   |
| 2     | Income included on Schedule K, lines 1 the 6, and 7, not recorded on books this year (  | ougn 4,<br>itemize):   |  |                          | exempt interest \$   |                       |             |                   |
| 4     | Guaranteed pmts (other than health insural Expenses recorded on books this year not on Schedule K, lines 1 through 11, 14a, 17(18b (itemize): | ncluded<br>g, and  |  | 14a,<br>year             | ctions included on Sch<br>17g, and 18b, not charg<br>(itemize):<br>reciation\$ | ed against book inco  | me this     |                   |
|       | Travel and entertainment \$   | ì  |  | 8 Ādd                    | lines 6 and 7  |                       |             |                   |

Analysis of Partners' Capital Accounts 6,345,252. Distributions: a Cash...... 3,703,041 1 Balance at beginning of year..... b Property ..... Other decreases (itemize): 3,329,946 3 Net income (loss) per books ..... Other increases (itemize): Add lines 6 and 7..... 3,703,041.

3,329,946.

9,675,198

5 Add lines 1 through 4.

5 Add lines 1 through 4

Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5

Balance at end of year. Subtract line 8 from line 5. .

5,972,156.

3,329,946.

### Schedule D (Form 1065)

Department of the Treasury Internal Revenue Service

### **Capital Gains and Losses**

► Attach to Form 1065.

OMB No. 1545-0099

2002

Schedule D (Form 1065) 2002

| IVALIR                              | : Or barracismb  |  |                                       |                                       |                                    |  | Employer racinances                   | on manner  |
|-------------------------------------|--|--|---------------------------------------|---------------------------------------|------------------------------------|--|---------------------------------------|--|
| ENERGY MERCHANT INVESTORS FUND, LLC |  |  |                                       |                                       |                                    | 13-4146885                                       |                                       |  |
| Pa                                  | Short-Term Capital   | Gains and L                            | .osses — As                           | sets Held One                         | Year or Les                        | ss   |                                       |  |
|                                     | (a) Description of property<br>(e.g., 100 shares of 'Z' Co)  | (b) Date acquired (month, day, year)   | (C) Date sold<br>(month, day, year)   | (d) Sales price<br>(see instructions) | (e) Cost or oth<br>(see instruct   |  | (f) Gain or (loss)<br>((d) minus (e)) |  |
| 1                                   |  | <b> </b>                               |                                       |                                       | <u> </u>                           |  | ·····                                 |  |
|                                     |  |  |                                       |                                       |                                    |  |                                       |  |
|                                     |  |  |                                       |                                       | ļ                                  |  |                                       |  |
|                                     | ·  | <u> </u>                               | l                                     |                                       | <u> </u>                           | <del>,                                    </del> |                                       |  |
| 2                                   | Short-term capital gain from in  | stallment sales                        | from Form 625                         | 2, line 26 or 37                      |                                    | 2  |                                       |  |
| 3                                   | Short-term capital gain (loss) fi  | rom like-kind ex                       | changes from F                        | orm 8824                              |                                    | 3  |                                       |  |
| 4                                   | Partnership's share of net shor short-term capital gains (losses   | t-term capital ga<br>s), from other pa | ain (loss), inclu<br>artnerships, est | ding specially allocates, and trusts  | ated                               | 4  | 3,383,670.                            |  |
| 5                                   | Net short-term capital gain or and on Form 1065, Schedule K  | (loss). Combine                        | lines 1 through                       | 4 in column (f). E                    | nter here                          | 5  | 3,383,670.                            |  |
|                                     | Long-Term Capital  |  |                                       |                                       |                                    | Year   |                                       |  |
|                                     | (a) Description of property<br>(e.g., 100 shares of 'Z' Co)  | (b) Date acquired (month, day, year)   | (C) Date sold<br>(month, day, year)   | (d) Sales price<br>(see instructions) | (e) Cost or othe<br>(see instructi |  | (f) Gain or (loss)<br>((d) minus (e)) | (g) 28% rate<br>gain or (loss)<br>* (see instructions) |
| 6                                   |  |  |                                       |                                       |                                    |  |                                       |  |
|                                     |  |  |                                       | <del></del>                           |                                    |  | :                                     |  |
|                                     |  | ļ                                      |                                       |                                       | ļ                                  |  |                                       |  |
|                                     |  | l                                      |                                       |                                       | L                                  | $\overline{}$                                    |                                       |  |
| 7                                   | Long-term capital gain from ins  | stallment sales f                      | rom Form 6252                         | , line 26 or 37                       |                                    | 7  |                                       | · · · · · · · · · · · · · · · · · · ·                  |
| 8                                   | Long-term capital gain (loss) fr   | om like-kind exc                       | changes from F                        | orm 8824                              |                                    | 8  |                                       |  |
| 9                                   |  |  |                                       |                                       |                                    |  |                                       |  |
| 10                                  | Capital gain distributions   |  |                                       |                                       |                                    | 10   |                                       |  |
| 11                                  | Combine lines 6 through 10 in cline 4e(2) or 7   | column (g). Ente                       | er here and on                        | Form 1065, Schedu                     | ule K,                             | 11   |                                       |  |
| 12                                  | Net long-term capital gain or (loss). Combine lines 6 through 10 in column (f). Enter here and on Form 1065, Schedule K, line 4e(1) or 7 |  |                                       |                                       |                                    |  |                                       |  |
|                                     | Net long-term capital gain or (I<br>and on Form 1065, Schedule K<br>rate gain or (loss) includes all                                     |  |                                       |                                       |                                    | 12   |                                       |  |

BAA For Paperwork Reduction Act Notice, see instructions for Form 1065.

### Schedule K-1 (Form 1065)

### Partner's Share of Income, Credits, Deductions, etc.

OMB No. 1545-0099

Schedule K-1 (Form 1065) 2002

2002

Department of the Treasury Internal Revenue Service

For calendar year 2002 or tax year

beginning . 2002, and ending 51-0383350 13-4146885 Partnership's identifying number ► Partner's identifying number > Partnership's name, address, and ZIP code Partner's name, address, and ZIP code ENERGY MERCHANT INVESTORS FUND, LLC EMC CAPITAL CORP 126 EAST 56TH ST, 33 FLR 126 EAST 56TH ST., 33 FLR NEW YORK, NY NEW YORK, NY 10022 10022 limited partner F Partner's share of liabilities (see instructions): general partner This partner is a Nonrecourse.....\$\_\_\_\_\_ |X| limited liability company member Qualified nonrecourse financing...... \$ B What type of entity is this partner? . . ► CORPORATION C is this partner a X domestic or a foreign partner? (i) Before change or termination (ii) End of year G Tax shelter registration number D Enter partner's % of: 13.736643% Profit sharing .... 40% Check here if this partnership is a publicly traded partnership 40% 13.736643% Loss sharing....\_\_\_\_ as defined in section 469(k)(2)..... 20% 13.736647 % Ownership of capital . E IRS Center where partnership filed return: CINCINNATI, Check applicable boxes: (1) Final K-1 (2) Amended K-1 Analysis of partner's capital account: (a) Capital account at (c) Partner's share of (b) Capital contributed (d) Withdrawals and (e) Capital account at end of lines 3, 4, and 7, Form 1065, Schedule M-2 beginning of year during year distributions year (combine columns (a) through (d)) 1,286,992 171,832 638, 450.) 820,374 (c) 1040 filers enter the (a) Distributive share item (b) Amount amount in column (b) on: -4,947Ordinary income (loss) from trade or business activities..... See Partner's Instructions for Schedule K-1 (Form 1065). Net income (loss) from rental real estate activities..... Net income (loss) from other rental activities..... Portfolio income (loss): Income 4a 8,452 Schedule B, Part I, line 1 (Loss) b Ordinary dividends ..... 4b Schedule B, Part II, line 5 4c Schedule E, Part I, line 4 d Net short-term capital gain (loss)..... 4d 179,788 Schedule D, line 5, column (f) e (1) Net long-term capital gain (loss)..... 4e(1) Schedule D, line 12, column (1) (2) 28% rate gain (loss)..... 4e(2) Schedule D. line 12, column (q) (3) Qualified 5-year gain..... 4e(3) Line 5 of worksheet for Sch D, line 29 4f Enter on applicable in of your return 5 Guaranteed payments to partner ...... 5 See Partner's Instructions for Net section 1231 gain (loss) (other than due to casualty Schedule K-1 (Form 1065). 6 7 Other income (loss) (attach schedule)...... Enter on applicable In of your return 8 Charitable contributions (see instructions) (attach schedule)..... Schedule A, line 15 or 16 Deduc-9 Section 179 expense deduction..... tions See Partner's Instructions for 10 Deductions related to portfolio income (attach schedule)..... 10 Schedule K-1 (Form 1065). 10,919 12 a Low-income housing credit: (1) From section 42(j)(5) partnerships..... 12a(1) Form 8586, line 5 (2) Other than on line 12a(1)...... 12a(2) b Qualified rehabilitation expenditures related to rental real estate activities ..... 12b Credits See Partner's Instructions for c Credits (other than credits shown on lines 12a and 12b) Schedule K-1 (Form 1065). related to rental real estate activities ..... d Credits related to other rental activities ..... 12 d 13 Other credits...... 13

PTPA0312L 12/27/02

3AA For Paperwork Reduction Act Notice, see Instructions for Form 1065.

### Schedule K-1 (Form 1065)

### Partner's Share of Income, Credits, Deductions, etc

OMB No. 1545-0099

2002

Department of the Treasury

For calendar year 2002 or tax year

|  | of the Treasury<br>venue Service   | beginning                                  | , 2002, and                             |  |           | , 20                                   | <u> </u>   |  |
|--|------------------------------------|--|---|--|-----------|--|--|--|
|  |                                    |  |   |  |           | entifying number 🟲 📑                   | 13-4146885   |  |
| Partner's name, address, and ZIP code                          |                                    |  |   | Partnership's name, address, and ZIP code  |           |  |  |  |
| MICHAEL CORNISH<br>369 FLORIDA HILL RD<br>RIDGEFIELD, CT 06877 |                                    |  |   | ENERGY MERCHANT INVESTORS FUND, LLC<br>126 EAST 56TH ST., 33 FLR<br>NEW YORK, NY 10022 |           |  |  |  |
| A Thin   | partner is a                       | general partner   limited p                | artner                                  | F Padr   | er's sha  | re of liabilities (see ins             | tructions):  |  |
|  | limited liability co               | · L  |   |  |           |  | \$   |  |
|  |                                    | his partner? ► INDIVIDUA                   | AT.                                     | Quali  | fied non  | recourse financina                     | \$   |  |
|  |                                    | omestic or a foreign partner               |   | Other  | nea non   | recourse mancing                       | \$   |  |
|  | partner's % of: (1)                | Before change or (ii)                      | End of                                  | G Tay c  | halter re | agistration oumber                     | 4  |  |
|  |                                    |  | 140355 %                                | 1  |           |  |  |  |
| Pront  | snanng                             | $\frac{59  \$}{59  \$} = \frac{86}{86}$    | 140355 %                                | H Check  | k here if | this partnership is a p                | ublicly traded partnership   |  |
| Currier  | Sharing                            |  | 140365 %                                | asue   | inica iii | 30011011 405(1)(2)                     |  |  |
| C IBC C  | oter where confineration           | 79% 86. filed return: CINCINNATI,          |   | I Check  | cannlic   | able hoves: (1) TE                     | nal K-1 (2) Amended K-1  |  |
|  | alysis of partner's                |  |   | 1 Check  | СРРПО     | sole boxes. (1) [ ]1                   | Harvi (2)   Trinended (4)  |  |
|  |                                    |  | (-) D-1                                 |  | .,        | 6-B-3464 1 1 1                         |  |  |
| ( <b>a)</b> C  | capital account at ginning of year | (b) Capital contributed during year        | lines 3<br>Form 1065                    | ier's share<br>3, 4, and 7<br>5, Schedule  | of<br>M-2 | (d) Withdrawals and distributions      | (e) Capital account at end of year (combine columns (a) through (d))   |  |
|  | 5,058,26                           | 0.   |   | 3,150,   | 768.      | (3,064,591.)                           | 5,144,437.   |  |
|  |                                    | (a) Distributive share item                |   |  |           | (b) Amount                             | (c) 1040 filers enter the amount in column (b) on:   |  |
|  | 1 Ordinary inc                     | come (loss) from trade or busine           | ess activities                          |  | 1         | -31,022.                               |  |  |
|  | 2 Net income (los                  | ss) from rental real estate activities     |   |  | 2_        |  | See Partner's Instructions for Schedule K-1 (Form 1065).   |  |
|  | 3 Net income (los                  | ss) from other rental activities           |   |  | 3         |  | - ( ( ( ( ( ( ( ( ( ( ( ( ( ( ( ( ( ( (  |  |
|  | 4 Portfolio inc                    | come (loss):                               |   |  |           |  |  |  |
| Income   | a Interest                         |  |   | [  | 4a        | 53,000.                                | Schedule B, Part I, line 1   |  |
| (Loss)   | <b>b</b> Ordinary div              | vidends                                    |   |  | 4b        | 4,200.                                 | Schedule B, Part II, line 5  |  |
| •  | c Royalties                        |  |   |  | 4c        | ·                                      | Schedule E, Part I, line 4   |  |
| •  | d Net short-te                     | rm capital gain (loss)                     | ,                                       |  | 4d        | 3,196,465.                             | Schedule D, line 5, column (f)   |  |
|  | , ,,                               | g-term capital gain (loss)                 |   |  | 4e(1)     |  | Schedule D, line 12, column (f)  |  |
|  |                                    | e gain (loss)                              |   |  | 4e(2)     |  | Schedule D, line 12, column (g)  |  |
|  |                                    | d 5-year gain                              |   |  | 4e(3)     |  | Line 5 of worksheet for Sch D, line 29   |  |
|  |                                    | income (loss) (attach schedule)            |   |  | _4f       | ······································ | Enter on applicable in of your return  |  |
| •,   | 5 Guaranteed                       | payments to partner                        | • | •  | 5         |  |  |  |
|  | or theft)                          | 1231 gain (loss) (other than due           | • |  | 6         |  | See Partner's Instructions for Schedule K-1 (Form 1065).   |  |
|  |                                    | ne (loss) (attach schedule)                |   |  | 7         | <del></del>                            | Enter on applicable in of your return  |  |
|  |                                    | ributions (see instructions) (attach sched |   |  | 8         |  | Schedule A, line 15 or 16  |  |
| Deduc-<br>tions  | ľ                                  | expense deduction                          |   |  | 9         |  | See Partner's Instructions for   |  |
| dolla  |                                    | ated to portfolio income (attach schedule) |   | ,  | 10        |  | Schedule K-1 (Form 1065).  |  |
|  |                                    | ns (attach schedule)                       | SEE . L.                                | INE . 25   | 11        | 68,474.                                |  |  |
|  | 12 a Low-income                    |  |   |  |           |  | •  |  |
|  |                                    | ection 42(j)(5) partnerships               |   | r  | 12a(1)    |  | Form 8586, line 5  |  |
|  | (2) Other th                       | nan on line 12a(1)                         | • |  | 12a(2)    |  |  |  |
| Credits  | estate activi                      | habilitation expenditures related ities    | · · · · · · · · · · · · · · · · · · ·   | <i>.</i> , . {   | 12b       |  |  |  |
|  |                                    | er than credits shown on lines 1           |   |  |           |  | See Partner's Instructions for Schedule K-1 (Form 1065).   |  |
|  | (                                  | ental real estate activities               |   | ,  | 12c       | ······································ | - Consultation of the Contractio |  |
|  | 1                                  | ted to other rental activities             |   | 1  | 12d       |  |  |  |
|  |                                    | ts   |   |  | 13        |  |  |  |
| BAA For  | Paperwork Redu                     | ction Act Notice, see Instruction          | ns for Form 10                          | 065.   |           |  | schedule K-1 (Form 1065) 2002  |  |

PTPA0312L 12/27/02

| Schedule          | K-1 (Form 1065) 2002 ENERGY MERCHANT INVESTORS FUND,                                      | LLC           | 13-4146885                            | Page 2   |
|-------------------|---|---------------|---------------------------------------|--|
|                   | (a) Distributive share item   |               | (b) Amount                            | (c) 1040 filers enter the amount in column (b) on: |
| Invest-           | 14a Interest expense on investment debts  | 14a           | 3,401.                                | Form 4952, line 1                                  |
| ment              | b (1) Investment income included on lines 4a, 4b, 4c, and 4f                              |               | 57,200.                               | See Partner's Instructions for                     |
| Interest          | (2) Investment expenses included on line 10   |               |                                       | Schedule K-1 (Form 1065).                          |
| Self-             | 15a Net earnings (loss) from self-employment  | 15a           |                                       | Schedule SE, Section A or B                        |
| employ-           | <b>b</b> Gross farming or fishing income  | 15b           |                                       | See Partner's Instructions for                     |
| ment              | c Gross nonfarm income  | 15 c          | <del></del>                           | Schedule K-1 (Form 1065).                          |
| Adjust-           | 16 a Depreciation adjustment on property placed in service after 1986                     | 16a           | · · · · · · · · · · · · · · · · · · · | <del>}-</del>                                      |
| ments             | <b>b</b> Adjusted gain or loss  | 16Ь           |                                       | See Partner's                                      |
| and<br>Tax        | c Depletion (other than oil and gas)  |               |                                       | Instructions for Schedule K-1 (Form                |
| Pref-             | d (1) Gross income from oil, gas, and geothermal properties                               | 16d(1)        |                                       | 1065) and Instructions                             |
| erence<br>Items   | (2) Deductions allocable to oil, gas, and geothermal properties                           | 16d(2)        |                                       | for Form 6251.                                     |
| Items             | e Other adjustments & tax preference items (attach sch)                                   | 16e           |                                       |  |
|                   | 17 a Name of foreign country or U.S. possession .   |               |                                       |  |
|                   | b Gross income from all sources   | 17b           | ·                                     | ·  |
| į                 | c Gross income sourced at partner level   | 17¢           |                                       |  |
|                   |   |               | , ,                                   | [  |
|                   | , ,   | 17d(1)        |                                       |  |
| į                 | (2) Listed categories (attach schedule)   | 17d(2)        |                                       |  |
|                   | (3) General limitation  | 17d(3)        |                                       | Form 1116, Part I                                  |
| Foreign           | ·   |               |                                       | 10111111110,11 21111                               |
| Taxes             | (1) Interest expense  | 17e(1)        |                                       |  |
|                   | (2) Other   | 17e(2)        | <del></del>                           |  |
| į                 | •••   |               |                                       |  |
|                   | (1) Passive   | 17(1)         |                                       |  |
|                   | (2) Listed categories (attach schedule)   | 17f(2)        |                                       | <b></b>  |
| 1                 | (3) General limitation  | 17((3)        | <del></del>                           |  |
|                   | g Total foreign taxes (check one): ► Paid Accrued   | 17g           | <del></del>                           | Form 1116, Part II                                 |
|                   | h Reduction in taxes available for credit (attach schedule)                               | 17h           |                                       | Form 1116, line 12.                                |
|                   | 18a Section 59(e)(2) expenditures: a Type ►   |               | '                                     | See Partner's Instructions for                     |
|                   | <b>b</b> Amount   | 186           | ····                                  | Schedule K-1 (Form 1065).                          |
| Other             | 19 Tax-exempt interest income   | 19            |                                       | Form 1040, line 8b                                 |
| Outer             | 20 Other tax-exempt income  |               |                                       |  |
|                   | 21 Nondeductible expenses   |               | 2 064 501                             | See Partner's Instructions for                     |
| 1                 | 22 Distributions of money (cash and marketable securities)                                | 22            | 3,064,591.                            | Schedule K-1 (Form 1065).                          |
| . }               | 23 Distributions of property other than money   | 23            |                                       | <b></b>  |
| ]                 | 24 Recapture of low-income housing credit:  | 24a           |                                       |  |
|                   | a From section 42(j)(5) partnershipsb Other than on line 24a                              |               |                                       | - Form 8611, line 8                                |
|                   | 25 Supplemental information required to be reported separately to each partner (attach ac |               | hadulae if mora enaca ie nac          | dad):  |
|                   |   | Juittoliai Su | riedules il titole space is fice      |  |
| ]                 | LINE 11 OTHER DEDUCTIONS  |               |                                       |  |
| 1                 | OTHER PEDGETIONS  |               |                                       |  |
|                   |   |               |                                       |  |
| Summla            | BANK CHARGES  |               |                                       | \$ 188.  |
| Supple-<br>mental | DIRECT FUND EXPENSES.   | <i></i>       |                                       | 68,286.  |
| Infor-<br>mation  |   |               | TO                                    | TAL \$ 68,474.                                     |
| madon             |   |               |                                       |  |
|                   |   |               |                                       |  |
|                   |   |               |                                       |  |
|                   |   |               |                                       | -  |
| }                 |   |               | *.                                    |  |
|                   |   |               |                                       |  |
| . }               |   |               |                                       |  |
|                   |   |               |                                       |  |
|                   |   |               |                                       | •  |

Schedule K-1 (Form 1065) 2002

### Schedule K-1 (Form 1065)

### Partner's Share of Income, Credits, Deductions, etc

OMB No. 1545-0099

2002

Department of the Treasury Internal Revenue Service beginning , 2002, and ending

| internal Rev | renue Service Deginning , 2002, an   | ia enaing                                 |                      | , 20   |  |  |
|--------------|--|---|----------------------|--|--|--|
| Partner's    | identifying number ► 097-58-8392   | Partners                                  | hip's id             | lentifying number ►                            | 13-4146885   |  |
| Partner's na | me, address, and ZIP code  | Partnership                               | 's name, :           | address, and ZIP code                          |  |  |
| 22 BOT       | ES P DUFFY<br>UTONVILLE RD<br>SALEM, NY 10590  |   | AST 5                | CHANT INVESTOR:<br>6TH ST., 33 FL<br>NY 10022  |  |  |
| A This       | partner is a general partner limited partner   | E Parto                                   | er's sh              | are of liabilities (see ins                    | tructions):  |  |
|              | limited liability company member   |   |                      |  | \$   |  |
|              | type of entity is this partner? > INDIVIDUAL   | Quali                                     | fied nor             | recourse financino                             | \$   |  |
|              | s partner a X domestic or a foreign partner?   | Other                                     | ,                    | incodisc maneing                               | \$   |  |
| D Entern     | artner's % of: (i) Before change or (ii) End of year   | G Tax s                                   | helter r             | egistration number 🟲                           |  |  |
|              | sharing 1 % 0.123002 %   |   |                      |  | •  |  |
| loss         | sharing 1% 0.123002%   | H Check                                   | k here i<br>fined in | t this partnership is a p<br>section 469(k)(2) | ublicly traded partnership   |  |
| Owners       | sharing         1 %         0.123002 %           hip of capital         1 %         0.123004 % |   |                      | 100000111000100000000000000000000000000        |  |  |
| E IRS Cen    | nter where partnership filed return; CINCINNATI, OH  | I Check                                   | k applic             | able boxes: (1) Fi                             | inal K-1 (2) Amended K-1   |  |
|              | lysis of partner's capital account:  |   |                      |  |  |  |
| (a) C        | apital account at (b) Capital contributed (c) Part   | ner's share<br>3, 4, and 7<br>5, Schedule | of<br>e M-2          | (d) Withdrawals and distributions              | (e) Capital account at end of year (combine columns (a) through (d)) |  |
|              | 0.   | 7,  | ,346.                |  | 7,346.   |  |
|              | (a) Distributive share item  |   |                      | (b) Amount                                     | (c) 1040 filers enter the amount in column (b) on:                   |  |
|              | 1 Ordinary income (loss) from trade or business activities.                                    |   | 7                    | -44.   |  |  |
| ]            | 2 Net income (loss) from rental real estate activities   |   | 2                    |  | See Partner's Instructions for Schedule K-1 (Form 1065).             |  |
| - 1          | 3 Net income (loss) from other rental activities   | <i>.</i>                                  | 3                    |  |  |  |
|              | 4 Portfolio income (loss):   |   |                      |  |  |  |
| Income       | a Interest   |   |                      | 76.  | Schedule B, Part I, line 1   |  |
| (Loss)       | <b>b</b> Ordinary dividends  | 1   |                      |  | Schedule B, Part II, line 5  |  |
|              | c Royalties  |   |                      |  | Schedule E, Part I, line 4   |  |
| f            | d Net short-term capital gain (loss)   |   | _                    | 7,417.   | Schedule D, line 5, column (f)                                       |  |
|              | e (1) Net long-term capital gain (loss)  | ,   |                      |  | Schedule D, line 12, column (f)                                      |  |
|              | (2) 28% rate gain (loss)   |   |                      |  | Schedule D, line 12, column (g)                                      |  |
|              | (3) Qualified 5-year gain  |   |                      |  | Line 5 of worksheet for Sch D, line 29                               |  |
| }            | f Other portfolio income (loss) (attach schedule)  |   | 5                    |  | Enter on applicable In of your return                                |  |
|              |  |   |                      |  | See Partner's Instructions for                                       |  |
|              | 6 Net section 1231 gain (loss) (other than due to casualty or theft)                           |   | 6                    |  | Schedule K-1 (Form 1065).  |  |
| ļ            | 7 Other income (loss) (attach schedule)  | *   | 7                    |  | Enter on applicable In of your return                                |  |
|              | 8 Charitable contributions (see instructions) (attach schedule)                                |   | 8                    |  | Schedule A, line 15 or 16  |  |
| Deduc-       | 9 Section 179 expense deduction  |   | 9                    | <del></del>                                    |  |  |
| tions        | 10 Deductions related to portfolio income (attach schedule)                                    |   | 10                   |  | See Partner's Instructions for Schedule K-1 (Form 1065).             |  |
| Ì            | 11 Other deductions (attach schedule)  | •   | 11                   | 98.  | Schedule K-1 (Forth 1005).   |  |
|              | 12a Low-income housing credit:   |   |                      |  |  |  |
|              | (1) From section 42(j)(5) partnerships   |   | 12a(1)               |  | 9596 E 5   |  |
| İ            | (2) Other than on line 12a(1)  |   | 12a(2)               |  | Form 8586, line 5  |  |
| Credits      | <b>b</b> Qualified rehabilitation expenditures related to rental rea estate activities         | !   | 12b                  |  |  |  |
| ļ            | c Credits (other than credits shown on lines 12a and 12b)                                      |   |                      |  | See Partner's Instructions for                                       |  |
|              | related to rental real estate activities   |   | 12 c                 |  | Schedule K-1 (Form 1065).  |  |
|              | d Credits related to other rental activities   | [   | 12 d                 |  | •  |  |
|              | 13 Other credits   |   | 13                   |  |  |  |

BAA For Paperwork Reduction Act Notice, see Instructions for Form 1065.

Schedule K-1 (Form 1065) 2002

| Schedule         | N-1 (Form 1065) 2002 ENERGI MERCHANI INVESTORS FUND                                       | , 11110                  | 13-4140003                  | rage z   |
|------------------|---|--------------------------|-----------------------------|--|
|                  | (a) Distributive share item   |                          | (b) Amount                  | (c) 1040 filers enter the amount in column (b) on: |
| Invest-          | 14a Interest expense on investment debts  | 14a                      |                             | Form 4952, line 1                                  |
| ment             | <b>b (1)</b> Investment income included on lines 4a, 4b, 4c, and 4f                       |                          | 76.                         | See Partner's Instructions for                     |
| Interest         | (2) Investment expenses included on line 10   | 14b(2)                   |                             | Schedule K-1 (Form 1065).                          |
| Self-            | 15 a Net earnings (loss) from self-employment   | 15a                      | •                           | Schedule SE, Section A or B                        |
| employ-          | <b>b</b> Gross farming or fishing income  | 15b                      |                             | See Partner's Instructions for                     |
| ment             | c Gross nonfarm income  | 15 c                     |                             | Schedule K-1 (Form 1065).                          |
|                  | 16a Depreciation adjustment on property placed in service after 1986                      | <del></del>              |                             |  |
| Adjust-<br>ments | b Adjusted gain or loss   |                          |                             | See Partner's                                      |
| and              | c Depletion (other than oil and gas)  | ···                      |                             | Instructions for                                   |
| Tax<br>Pref-     | d (1) Gross income from oil, gas, and geothermal properties                               |                          |                             | Schedule K-1 (Form 1065) and Instructions          |
| erence           | (2) Deductions allocable to oil, gas, and geothermal properties                           |                          | <del></del>                 | for Form 6251.                                     |
| Items            | e Other adjustments & tax preference items (attach sch)                                   |                          | <del></del>                 |  |
|                  | 17a Name of foreign country or U.S. possession.   |                          |                             | <u> </u>   |
|                  | b Gross income from all sources   |                          |                             | 7  |
|                  | c Gross income sourced at partner level   | ·                        |                             |  |
|                  |   |                          |                             |  |
|                  | (1) Passive   |                          |                             |  |
|                  | (Z) Listed categories (attach schedule)   |                          |                             | <b>\</b>   |
|                  | (3) General limitation  |                          |                             |  |
| <b></b>          |   |                          |                             | Form 1116, Part I                                  |
| Foreign Taxes    | (1) Interest expense  |                          | ſ                           |  |
|                  | (2) Other   | <del></del>              |                             | . [  |
| 1                |   |                          |                             |  |
| Ì                | (1) Passive   |                          |                             | 1  |
| İ                | (2) Listed categories (attach schedule)   | 17f(2)                   |                             |  |
|                  | (3) General limitation  |                          |                             |  |
| 1                | g Total foreign taxes (check one); ► ☐ Paid ☐ Accrued                                     | 17g                      |                             | Form 1116, Part II                                 |
|                  | h Reduction in taxes available for credit (attach schedule)                               | 17h                      |                             | Form 1116, line 12.                                |
| 1                | 18 a Section 59(e)(2) expenditures: a Type ►  |                          |                             | See Partner's Instructions for                     |
|                  | <b>b</b> Amount   |                          |                             | Schedule K-1 (Form 1065).                          |
| Other            | 19 Tax-exempt interest income   | <del></del>              |                             | Form 1040, line 8b                                 |
| Other            | 20 Other tax-exempt income  |                          |                             |  |
| - 1              | 21 Nondeductible expenses   |                          |                             | See Partner's Instructions for                     |
|                  | 22 Distributions of money (cash and marketable securities)                                |                          |                             | Schedule K-1 (Form 1065).                          |
|                  | 23 Distributions of property other than money   | 23                       |                             | <b></b>  |
| 1                | 24 Recapture of low-income housing credit:  |                          | ħ                           |  |
| 1                | a From section 42(j)(5) partnerships  |                          |                             | - Form 8611, line 8                                |
|                  | b Other than on line 24a.   |                          |                             |  |
| }                | 25 Supplemental information required to be reported separately to each partner (attach as | aaition <b>ai s</b> chei | dules if more space is need | ed):   |
| 1                | LINE 11 OTHER DEDUCTIONS  |                          |                             |  |
|                  | OTHER DEDUCTIONS  |                          |                             |  |
| · 1              |   |                          |                             |  |
| Supple-          | DIRECT FUND EXPENSES  |                          |                             | \$ 98.   |
| mental           |   |                          | TO                          | TAL \$ 98.   |
| Infor-<br>mation |   |                          |                             |  |
|                  |   |                          |                             |  |
| 1                |   |                          |                             |  |
| 1                |   |                          |                             |  |
|                  | •   |                          |                             |  |
|                  |   |                          |                             | •  |
| }                |   |                          | •                           | •  |
| 1                |   |                          |                             |  |
|                  |   |                          |                             |  |
|                  |   |                          |                             |  |

| 2002  | FEDERAL STATEMENTS                                      | PAGE 1                                |
|---|---|---------------------------------------|
|   | ENERGY MERCHANT INVESTORS FUND, LLC                     | 13-414688                             |
| BANK CHARGES  | \$ TOTAL \$   | 15,750.<br>263.<br>20,000.<br>36,013. |
| STATEMENT 2<br>FORM 1065, SCHEDULE K,<br>OTHER DEDUCTIONS   |   |                                       |
| BANK CHARGES DIRECT FUND EXPENSES                           | **************************************                  | 218.<br>79,273.<br>79,491.            |
| STATEMENT 3<br>FORM 1065, SCHEDULE L,<br>OTHER INVESTMENTS  | LINE 8  |                                       |
| EM MASTER FUND LTD  | BEGINNING<br>\$ 6,366,252. \$<br>TOTAL \$ 6,366,252. \$ | ENDING<br>6,011,619.<br>6,011,619.    |
| STATEMENT 4 FORM 1065, SCHEDULE L, I OTHER CURRENT LIABILIT |   |                                       |
| DUE TO EMC  | BEGINNING  \$ 1,000. \$  TOTAL \$ 1,000. \$             | 7,000.<br>7,000.                      |
| ,   |   |                                       |
|   |   |                                       |

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D2/12/03 Accrual Basis

# Energy Merchant Investors Fund, LLC Balance Sheet

As of December 31, 2002

|   | Dec 31, 02   |
|---|--|
| ASSETS  |  |
| Current Assets                                |  |
| Checking/Savings Citibank Operating Account   | 368.64   |
| Citibank Subscription Account                 | 368.64   |
| Total Checking/Savings                        | 737.28   |
| Total Current Assets                          | 737.28   |
| Other Assets                                  |  |
| Investment in Master Fund                     |  |
| Contributions<br>Distributions                | 2,000,000.00<br>-5,513,041.38                                    |
| Exp Distributions                             | -1,119,836.90  |
| Returns from Master Fund                      | 10,644,497.09  |
| Total investment in Master Fund               | 6,011,618.81   |
| Total Other Assets                            | 6,011,618.81 Ties to Master Fund<br>6,012,356.09 Equity Accounts |
| TOTAL ASSETS                                  | 6,012,356.09 Equity Accounts                                     |
| LIABILITIES & EQUITY Liabilities              |  |
| Current Liabilities                           | ·  |
| Other Current Liabilities                     |  |
| Accrued Liabilities Audit Fees                | 33,199.92  |
|   | -  |
| Total Accrued Liabilities                     | 33,199.92  |
| Payable to EMC                                | 7,000.00 Ties to EMC   |
| Total Other Current Liabilities               | 40,199.92  |
| Total Current Liabilities                     | 40,199.92  |
| Total Liabilities                             | 40,199.92  |
| Equity  | •  |
| Equity - CPD                                  | 7 245 05   |
| Retained Earnings Total Equity - CPD          | 7,345.85   |
|   | 7,545.65   |
| Equity - EMCC Contributions - EMCC            | 1,000,000.00<br>-3,033,041.38 2500 COS = 533 04//638 450         |
| Direct Distribs - EMCC                        |  |
| Exp Distribs 2001 - EMCC                      | -201,643.45  |
| Exp Distribs 2002 - EMCC Retained Earnings    | -105,409.00 <del>/-</del><br>3,160,467.61                        |
| Total Equity - EMCC                           | 820,373.78 Tics to EMC CC  |
| Equity - MC                                   | Investment Account   |
| Contributions - MC                            | 1,000,000.00   |
| Direct Distribs - MC                          | -2,480,000.00  |
| Exp Distribs 2001 - MC Exp Distribs 2002 - MC | -201,643.44<br>-584.591.00 + 3 0 64 57/                          |
| Retained Earnings                             | 7,410,670.98   |
| Total Equity - MC                             | 5,144,436.54   |
| Retained Earnings                             | -3,329,945.93  |
| Net Income                                    | 3,329,945.93   |
| Total Equity                                  | 5,972,156.17   |
| TOTAL LIABILITIES & EQUITY                    | 6,012,356.09   |
|   |  |

02/12/03

Accrual Basis

Energy Merchant Investors Fund, LLC Profit & Loss

January through December 2002

|                           | Jan - Dec 02                         |
|---------------------------|--------------------------------------|
| Ordinary Income/Expense   |                                      |
| Income                    |                                      |
| Dividend Income           | 4,200.00                             |
| interest income           | 61,527.68                            |
| Option Premiums           | 3,456,422.40 [                       |
| Realized Gains & Losses   | 351,393.32                           |
| Unrealized Gains & Losses | 1,130,968.80                         |
| Total Income              | 1,130,988.80                         |
| Expense                   | / )'                                 |
| Bank Charges              | 218.00                               |
| Brokerage Commissions     | 1,555,134,45                         |
| Fund Expenses             | 79,273.62                            |
| Interest Expense          | 3,947.55                             |
| Total Expense             | 1,638,573.62                         |
| Net Ordinary Income       | 3,365,958.58 Ties to Fund Net Income |
| Other Income/Expense      |                                      |
| Other Expense             |                                      |
| Administration Fees       | 15,750.01                            |
| Bank Charges Other        | 262.72                               |
| Professional Fees         |                                      |
| Audit Fees                | 19,999.92                            |
| Total Professional Fees   | 19,999.92                            |
| Total Other Expense       | 36,012.65                            |
| Net Other Income          | -36,012.65 Feeder Fund Expenses      |
| Net Income                | 3,329,945.93                         |

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02/12/03

Accrual Basis

# Feeder Fund with Expenses Balance Sheet

As of December 31, 2002

|   | Dec 31, 02  |                            |
|---|---|----------------------------|
| ASSETS Current Assets Checking/Savings Citibank Operating Account Citibank Subscription Account   | 368.64<br>368.64  |                            |
| Total Checking/Savings  | 737.28  |                            |
| Total Current Assets  | 737.28  |                            |
| Other Assets Investment in Master Fund Contributions Distributions Exp Distributions Returns from Master Fund Total investment in Master Fund | 2,000,000.00<br>-5,513,041.38<br>-1,119,836.90<br>10,644,497.09<br>6,011,618.81 | Ties to Master Fund Equito |
| TOTAL ASSETS  | 6,012,356.09  | Accounts                   |
| LIABILITIES & EQUITY Liabilities Current Liabilities Other Current Liabilities Accrued Liabilities  | 0,012,000.00  | Treounds                   |
| Audit Fees  | 33,199.92   | ·                          |
| Total Accrued Liabilities   | 33,199.92   |                            |
| Payable to EMC  | 40,302.43   |                            |
| Total Other Current Liabilities   | 73,502.35   |                            |
| Total Current Liabilities   | 73,502.35   |                            |
| Total Liabilities   | 73,502.35   |                            |
| Equity - EMCC Contributions - EMCC Distributions - EMCC   | 1,000,000.00<br>-3,033,041.38   |                            |
| Total Equity - EMCC   | -2,033,041.38   |                            |
| Equity - MC<br>Contributions - MC<br>Distributions - MC   | 1,000,000.00<br>-2,480,000.00   |                            |
| Total Equity - MC   | -1,480,000.00   |                            |
| Retained Earnings<br>Net Income   | 6,814,695.74<br>2,637,199.38  |                            |
| Total Equity  | 5,938,853.74  | ·                          |
| TOTAL LIABILITIES & EQUITY  | 6,012,356.09  |                            |

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02/12/03

Accrual Basis

### Feeder Fund with Expenses **Profit & Loss**

January through December 2002

Internal Reconciliation

Jan - Dec 02

### Ordinary Income/Expense

Income

Dividend Income Interest Income

Realized Gains & Losses

**Bank Charges** 

**Brokerage Commissions** 

Interest Expense

### **Net Ordinary Income**

Other Income/Expense

**Total Professional Fees** 

Rent

Total Other Expense

**Net Other Income** 

**Net Income** 

4,200.00 61,527.68 3,479,922.40 -147,776.68 1,606,658.80 5,004,532.20 218.00 1,555,134,45 79,273.62 3,947.55

1,638,573.62

Master Fund Net Inco 3,365,958.58

-15,750.01 -19.999.92 -262\_72

-36,012.65

Feeder Fund Expenses

Mant Co. Expenses

10,814.12 23,063.35 23,556.68 4,226.30 40,345.15 94,767.20

38.899.48 4,012.00

42,911.48 38,500.00

401,666.08 12,896.21

692,746.55

-728,759.20

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**Option Premiums** 

Unrealized Gains & Losses

Total Income

Expense

**Total Expense** 

Fund Expenses

Other Income

Administration Fees

**Audit Fees** 

**Bank Charges Other** 

**Total Other Income** 

Other Expense Auto

Benefits **Data Services** 

Filing Fees Meals & Entertainment Office Supplies

Professional Fees Legal Fees

Professional Fees - Other

Salaries & P/R Taxes Telephone, Internet, Cable

2,637,199.38

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# Energy Merchant Investors Master Fund, Ltd Balance Sheet

As of December 31, 2002

|   |  | 10:                                     |
|---|--|---|
|   | Dec 31, 02   | Charla                                  |
| ASSETS  |  |   |
| Current Assets  |  | Charly                                  |
| Checking/Savings  |  |   |
| Bermuda Commercial Bank<br>Brokers                              | 154.06   |   |
| ADM 97533   | 790,206.72   |   |
| Advest Total  | 100,200.12   |   |
| Advest Cash   | 6.37   |   |
| Total Advest Total  | 6.37   |   |
| Fimat USA, Inc.   | 283.81   | ,                                       |
| Refco, Inc.   | 3,677,970,29   |   |
| Stone 14258   | 1,539,378.85   |   |
| Total Brokers   | 6,007,846.04   |   |
| 75ta. 575ta.  | 3,007,010.04   |   |
| Total Checking/Savings  | 6,008,000.10   |   |
| Total Current Assets  | 6,008,000.10   |   |
| Other Assets  | , –,   |   |
| Other Assets  |  |   |
| Organizational Costs  | 38,000.00  |   |
| _   |  |   |
| Total Other Assets  | 38,000.00  |   |
| Total Other Assets  | 38,000.00  | • •                                     |
| TOTAL ASSETS  | 6,046,000,10   |   |
|   |  |   |
| LIABILITIES & EQUITY Liabilities                                |  |   |
| Current Liabilities   |  |   |
| Other Current Liabilities                                       |  |   |
| A/P and Accrued Expenses  |  | A.                                      |
| Accrued Admin   | 881.33   |   |
| Accrued Audit   | 22,499.96  | •                                       |
| Accrued Legal   | 11,000.00  |   |
|   |  |   |
| Total A/P and Accrued Expenses                                  | 34,381.29  |   |
| Total Other Current Liabilities                                 | 34,381.29  |   |
| Total Current Liabilities                                       | 24 204 20  |   |
| 1004 Callelif Francisco   | 34,381.29  |   |
| Total Liabilities   | 34,381.29  |   |
| Equity  | -  |   |
| Contributions   | 2,000,000.00   |   |
| District of any   |  |   |
| Distributions   | •  |   |
| Expense Distributions   | -5,513,041.38  |   |
|   | -5,513,041.38<br>-1,119,836.90                                 |   |
| Expense Distributions   | -5,513,041.38  | •                                       |
| Expense Distributions<br>Retained Earnings<br>Net Income        | -5,513,041.38<br>-1,119,836.90<br>7,278,538.51<br>3,365,958.58 | · · · · · · · · · · · · · · · · · · ·   |
| Expense Distributions Retained Earnings                         | -5,513,041.38<br>-1,119,836.90<br>7,278,538.51<br>3,365,958.58 | ies + Fixeder                           |
| Expense Distributions<br>Retained Earnings<br>Net Income        | -5,513,041.38<br>-1,119,836.90<br>7,278,538.51<br>3,365,958.58 | ies to Fixeder<br>Investment            |
| Expense Distributions Retained Earnings Net Income Total Equity | -5,513,041.38<br>-1,119,836.90<br>7,278,538.51<br>3,365,958.58 | ies to Fixeder<br>Investment<br>Account |

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02/12/03 Accrual Basis

# Energy Merchant Investors Master Fund, Ltd Profit & Loss

January through December 2002

| Net Income   | 3,365,958.58  | Ties to | Freder<br>Drawne |
|--|---------------|---------|------------------|
| Net Other Income                                       | -79.273.62    |         |                  |
| Total Other Expense                                    | 79,273.62     |         |                  |
| Legal Fees   | 6,000.00      |         |                  |
| Fund Expenses  | 1.780.00      |         |                  |
| Audit Fees   | 15,999.96     |         |                  |
| Amortization Expense                                   | 12,000.00     |         | •                |
| Other Income/Expense Other Expense Administration Fees | 43,493.66     |         |                  |
| Net Ordinary Income                                    | 3,445,232.20  |         |                  |
| Total Expense  | 1,559,300.00  |         |                  |
| Interest Expense                                       | 3,947.55      |         |                  |
| Brokerage Commisions                                   | 1,555,134.45  |         |                  |
| Expense<br>Bank Charges                                | 218.00        |         |                  |
| Total Income   | 5,004,532.20  |         |                  |
| Total Unrealized Gains & Losses                        | 797,790.00    | .•      |                  |
| Stock Gains & Losses                                   | 0.00          |         |                  |
| Options Gains & Losses                                 | `1,535,800.00 |         |                  |
| Futures Gains & Losses                                 | -738,010.00   |         | •                |
| Unrealized Gains & Losses<br>Bond Gains and Losses     | 0.00          |         |                  |
| Total Realized Gains & Losses                          | 684,592.12    |         |                  |
| Stock Gains & Losses                                   | -2,660,557.88 |         |                  |
| Prior Year Unrealized Loss                             | 345,753.94    |         |                  |
| Futures Gains & Losses                                 | 3,255,650.00  |         |                  |
| Realized Gains & Losses Bond Gains & Losses            | -256,253,94   |         |                  |
| Option Premiums  | 3,456,422.40  | •       |                  |
| Interest Income  | 61,527.68     |         |                  |
| Dividend Income  | 4,200.00      |         | •                |
| Income   |               |         |                  |
| Ordinary Income/Expense                                |               |         |                  |
| ·  | Jan - Dec 02  |         |                  |

| EMC            | •           |             |
|----------------|-------------|-------------|
| Beg Balance    | -           | 1,286,991   |
| Contributions  | 1,000,000   | -           |
| Income         | 2,988,634   | 171,833     |
| Withdrawals    | (2,500,000) | (533,041)   |
| Withdrawals    | (201,643)   | (105,409)   |
| Ending Balance | 1,286,991   | 820,374     |
| MC             |             | 1           |
| Beg Balance    | _           | 5,058,261   |
| Contributions  | 1,000,000   | . 5,000,201 |
| Income         | 4,259,904   | 3,150,767   |
| Withdrawals    | 7,235,204   | (2,480,000) |
| Withdrawals    | (201,643)   | (584,591)   |
|                |             |             |
| Ending Balance | 5,058,261   | 5,144,437   |
| ann.           | * * *       |             |
| CPD            |             |             |
| Beg Balance    | -           | .•          |
| Contributions  |             | -           |
| Income         | -           | 7,346       |
| Withdrawals    | -           | -           |
| Withdrawals    |             |             |
| Ending Balance | -           | 7,346       |
| Total          |             |             |
| Beg Balance    | -           | 6,345,252   |
| Contributions  | 2,000,000   | -           |
| Income         | 7,248,539   | 3,329,946   |
| Withdrawals    | (2,500,000) | (3,013,041) |
| Withdrawals    | (403,287)   | (690,000)   |
| Ending Balance | 6,345,252   | 5,972,156   |
|                | - 1 1       |             |

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|  |   | •                          |                             |                                    |                                    | ,                                |  | ٠.                                |                                   |                                  |                                    |   |  |     |
|--|---|----------------------------|-----------------------------|------------------------------------|------------------------------------|----------------------------------|--|-----------------------------------|-----------------------------------|----------------------------------|------------------------------------|---|--|-----|
| ·  |   | •                          |                             |                                    |                                    |                                  |  | •                                 |                                   |                                  |                                    |   |  |     |
|  | lan_                                    | Feb                        | Mar                         | Apr                                | May                                | Jun                              | <u>Jul</u>                             | Aug                               | Sep                               | Ωct                              | Nox                                | Dec                                     |  |     |
| Monthly<br>Cumulative  | (48,507.89)<br>(48,507.89)              | (42,323.89)<br>(90,831.78) | (53,752.95)<br>(144,584.73) | (43,110.38)<br>(187,695.11)        | (64,285.19)<br>(251,980.30)        | (42,501.45)<br>(294,481.75)      | (90 <b>,27</b> 9.57)<br>(384,761.32)   | (52,322.57)<br>(437,083.89)       | (42,872.06)<br>(479,955.95)       | (57,222.78)<br>(537,178.73)      | (69,430.29)<br>(606,609.02)        | (86,137.53)<br>(692,746.55)             | •                                      | ٠., |
| MC Portion<br>EMC Portion  | (48,507.89)                             | (42,323.89)                | (53,752.95)                 | (43,110.38)                        | (64,285.19)                        | (42,501.45)                      | (90,279.57)                            | (52,322.57)                       | (37,734.22)<br>(5,137.84)         | (49,317.31)<br>(7,905.51)        | (61,012.12)<br>(8,418.17)          | (73,982.20)<br>(12,155.33)              |  |     |
| Monthly Billing to EMAC  | (48,507.89)<br>53,897.66                | (42,323.89)<br>47,026.54   | (53,752.95)<br>59,725.50    | (43,110.38)<br>47,900.42           | (64,285.19)<br>71,427.99           | (42,501.45)<br>47,223.83         | (90,279.57)<br>100,310.63              | (52,322.57)<br>58,136.19          | (42,872.06)<br>41,926.91          | (57,222.82)<br>54,797.01         | (69,430.29)<br>67,791.24           | (86,137.53)<br>82,202.44                |  |     |
| Net Inc in EMMC  | 5,389.77                                | 4,702.65                   | 5,972.55                    | 4,790.04                           | 7,142.80                           | 4,722.38                         | 10,031.06                              | 5,813.62                          | (945.15)                          | (2,425.81)                       | (1,639.05)                         | (3,935.09)                              | •                                      |     |
| Billing to EMAC  | (53,897.66)                             | _(47,026.54)               | (59.725.50)                 | _(47,900,42)                       | (71,427,99)                        | (47,223.83)                      | (100,310,63)                           | _(58.136.19)                      | _(41.926.91)                      | (54.797.01)                      | _(67.791.24)                       | (82,202,44)                             |  |     |
| MC Portion of EMAC EMC Portion of EMAC                               | (48,507.89)<br>(5,389.77)               | (42,323.89)<br>(4,702.65)  | (53,752.95)<br>(5,972.55)   | (43,110.38)<br>(4,790.04)          | (64,285.19)<br>(₹,142.80)          | (42,501.45)<br>(4,722.38)        | (90,279.57)<br>(10,031.06)             | (52,322.57)<br>(5,813.62)         | (37,734.22)<br>(4,192.69)         | (49,317.31)<br>(5,479.70)        | (61,012.12)<br>(6,779.12)          | (73,982.20)<br>(8,220.24)               |  |     |
| MC P&L   | (48,507.89)<br>(48,507.89)              | (42,323.89)<br>(90,831.78) | (53,752.95)<br>(144,584.73) | (43,110.38)<br>(187,695.11)        | (64,285.19)<br>(251,980.30)        | (42,501.45)<br>(294,481.75)      | (90,279.57)<br>(384,761.32)            | (52,322.57)<br>(437,083.89)       | (37,734.22)<br>(474,818.11)       | (49,317.31)<br>(524,135.42)      | (61,012.12)<br>(585,147.54)        | (73,982.20)<br>(659,129.74)             |  | )   |
| EMC P&L from Both  | 0.00<br>0.00                            | 0.00                       | 0.00<br>00.0                | 0.00<br>0.00                       | 0.00<br>0.00                       | 0.00<br>0.00                     | 0.00                                   | 0.00                              | (5,137.84)<br>(5,137.84)          | (7,905.51)<br>(13,043.35)        | (8,418.17)<br>(21,461.52)          | (12,155.33)<br>(33,616.85)              |  |     |
| Totals .   | (48,507.89)<br>(48,507.89)              | (42,323.89)<br>(90,831.78) | (53,752.95)<br>(144,584.73) | (43,110.38)<br>(187,695.11)        | (64,285.19)<br>(251,980.30)        | (42,501.45)<br>(294,481.75)      | (90,279.57)<br>(384,761.32)            | (52,322.57)<br>(437,083.89)       | (42,872.06)<br>(479,955.95)       | (57,222.82)<br>(537,178.77)      | (69,430.29)<br>(606,609.06)        | (86,137.53)<br>(692,746.59)             |  |     |
| EMMC Net Income Total Billing to EMAC Total Expenses Net income EMMC | 732,366.38<br>(692,746.55)<br>39,619.83 |                            | ·                           |                                    |                                    |                                  |  |                                   |                                   | *                                |                                    |   |  |     |
| EMC Portion of EMAC loss   | (73,236.64)                             |                            |                             |                                    |                                    |                                  |  |                                   |                                   |                                  |                                    |   |  |     |
| Net Loss to EMC from Expenses  | (33,616.81)                             |                            |                             |                                    |                                    |                                  |  |                                   |                                   |                                  |                                    |   |  |     |
| Expense Distributions EMC CC Distributions MC Distributions          | Jan.<br>16,411<br>83,589<br>100,000     | F <u>e</u> b -<br>-<br>-   | Mar<br>-<br>-               | Apr<br>14,314<br>85,686<br>100,000 | May<br>15,765<br>84,235<br>100,000 | Jun<br>7,178<br>42,822<br>50,000 | <u>มป</u><br>7,462<br>82,538<br>90,000 | Aug<br>12,649<br>37,351<br>50,000 | Sep<br>10,683<br>39,317<br>50,000 | Qc1<br>8,042<br>41,958<br>50,000 | Nov<br>5,952 -<br>44,048<br>50,000 | <u>Dec</u><br>6,954<br>43,046<br>50,000 | 105,410<br>5 <b>84,5</b> 90<br>690,000 | )   |
| Direct Distributions EMC CC Distributions                            | 292,041                                 |                            | •                           | 1 500 000                          |                                    | -                                |  |                                   | 130,000                           | 241,000                          |                                    |   | 533,041                                |     |
| MC Distributions   | 292,041                                 | •                          |                             | 1,500,000                          | •                                  | 50,000<br>50,000                 | 140,000<br>140,000                     | 110,000                           | 130,000                           | 250,000<br>491,000               | 150,000<br>150,000                 | 150,000<br>150,000                      | 2,4 <b>80</b> ,000<br>3,013,041        |     |
| Total Distributions EMC CC Distributions                             | 308,452                                 |                            |                             | 14,314                             | 15,765                             | 7,178                            | 7,462                                  | 12,649                            | 10,683                            | 249,042                          | 5,952                              | 6,954                                   | 638,451                                |     |
| MC Distributions   | 83,589<br>392,041                       | -                          | -                           | 1,585,686<br>1,600,000             | 84,235<br>100,000                  | 92,822<br>100,000                | 222,538<br>230,000                     | 147,351<br>160,000                | 169,317<br>180,000                | 291,958<br>541,000               | 194,048<br>200,000                 | 193,046<br>200,000                      | 3,064,590<br>3,703,041                 |     |
|  |   |                            |                             | ,                                  |                                    | •                                |  |                                   |                                   |                                  |                                    |   |  |     |
| •  |   |                            |                             |                                    | r                                  |                                  |  |                                   |                                   |                                  | •                                  |   |  |     |

# Energy Merchant Investors Master Fund, Ltd. Earnings Breakout

| 2002   |                |             |          | First \$400k | 50% of       |                |             |            |             |                 |
|--------|----------------|-------------|----------|--------------|--------------|----------------|-------------|------------|-------------|-----------------|
|        | Gross MC       | MC Fee      | MC Fee   | of Net       | EMC Net      | Total          | Net Return  | Net Return | 1%of EMC to | Monthly -       |
|        | Return         | to EMC      | to CPD   | EMC Return   | above \$400k | MC             | EMC         | CPD        | CPD         | Total           |
| Jan-02 | 1,298,304.70   | 62,709.84   | 240.90   | 250,839.34   | -            | 1,612,094.77   | •           | 963.59     | -           | 1,613,058.36    |
| Feb-02 | 197,619.37     | 5,834.56    | 33.76    | 23,338.25    | -            | 226,825.94     | •           | 135.03     | •           | 226,960.97      |
| Mar-02 | (1,690,374.62) | (48,260.54) | (285.87) | (193,042.18) |              | (1,931,963.21) | -           | (1,143.47) | -           | (1,933,106.68)  |
| Apr-02 | 1,488,686.21   | 61,157.68   | 313.41   | 244,630.72   | · <u>-</u>   | 1,794,788.01   | • .         | 1,253.63   | -           | 1,796,041.64    |
| May-02 | 514,247.54     | 19,270.61   | 116.31   | 77,082.45    | -            | 610,716.91     | •           | 465.24     | -           | 611,182         |
| Jun-02 | (180,073.33)   | (6,095.48)  | (39.68)  | (24,381.92)  | ,            | (210,590.41)   | •           | (158.72)   | -           | (210,749. เรื่) |
| Jul-02 | (2,164,002.80) | (77,965.07) | (494.92) | (311,860.29) | -            | (2,554,323.09) | •           | (1,979.68) | •           | (2,556,302.77)  |
| Aug-02 | 608,491.49     | 42,903.13   | 185.81   | 171,612.51   | ~            | 823,192.94     | -           | 743.24     |             | 823,936.18      |
| Sep-02 | 1,818,053.69   | 102,352.17  | 522,21   | 186,776.65   | 111,875.39   | 2,219,580.11   | 111,875.39  | 2,088.84   | 279.69      | 2,333,824.02    |
| Oct-02 | 1,596,728.94   | 62,871.37   | 430.98   | •            | 126,228.80   | 1,786,260.08   | 126,228.80  | 1,723.90   | 243.03      | 1,914,455.82    |
| Nov-02 | (1,318,954.59) | (36,353.45) | (347.45) | -            | (72,889.13)  | (1,428,544.62) | (72,889.13) | (1,389.80) | (91.11)     | (1,502,914.66)  |
| Dec-02 | (410,979.95)   | (13,490.31) | (117.20) | -            | (27,098.02)  | (451,685.47)   | (26,998.46) | (468.79)   | (33.81)     | (479,186.52)    |
| -      | 1,757,746.65   | 174,934.49  | 558.26   | 424,995.52   | 138,117.04   | 2,496,351.96   | 138,216.60  | 2,233.02   | 397.80      | 2,637,199.38    |
| =      |                |             |          |              |              |                |             |            |             |                 |

ent By: ENERGY MERCHANT;

02/07/03

Accrual Basis

### Energy Merchant Investors Master Fund, Ltd **Balance Sheet**

As of December 31, 2002

|   | Dec 31, 02                              |                       |
|---|---|-----------------------|
| ASSETS  |   |                       |
| Current Assets Checking/Savings               |   |                       |
| Bermuda Commercial Bank<br>Brokers            | 154.06                                  |                       |
| ADM 97533<br>Advest Total                     | 790,206.72                              |                       |
| Advest Cash                                   | 6.37                                    |                       |
| Total Advest Total                            | 6.37                                    | ·                     |
| Fimat USA, Inc.                               | 283,81                                  |                       |
| Refco, Inc.                                   | 3,677,970.29                            |                       |
| Stone 14266                                   | 1,539,378.85                            |                       |
| Total Brokers                                 | 6,007,846.04                            |                       |
| Total Checking/Savings                        | 6,008,000.10                            | •                     |
| Total Current Assets                          | 6,008,000.10                            | .*                    |
| Other Assets                                  |   |                       |
| Other Assets Organizational Costs             | 38,000.00                               |                       |
| _   |   | •                     |
| Total Other Assets                            | 38,000.00                               |                       |
| Total Other Assets                            | 38,000.00                               |                       |
| TOTAL ASSETS                                  | 6,046,000.10                            | •                     |
| LIABILITIES & EQUITY Liabilities              |   |                       |
| Current Liabilities Other Current Liabilities |   |                       |
| A/P and Accrued Expenses                      |   |                       |
| Accrued Admin                                 | 881.33                                  | ·                     |
| Accrued Audit                                 | 22,499.96                               |                       |
| Accrued Legal                                 | 11,000.00                               |                       |
| Total A/P and Accrued Expenses                | 34,381,29                               |                       |
| Total Other Current Liabilities               | 34,381.29                               |                       |
| Total Current Liabilities                     | 34,381,29                               |                       |
| Total Liabilities                             | 34,381.29                               |                       |
| Equity  |   | 1 2/2                 |
| Contributions                                 | 2,000,000.00                            | 747550.00             |
| Distributions                                 | -5,513,041.38                           | 41226.19              |
| Expense Distributions Retained Earnings       | -1,119,836.90<br>7,278,538.51           | - Tr                  |
| Net Income                                    | 3,365,958.58                            | 2143                  |
|   | 6.044.649.04                            | 3142011               |
| Total Equity                                  | 6,011,618.81                            | -41226.90 707550.00/2 |
| TOTAL LIABILITIES & EQUITY                    | 6,046,000.10                            | 353715                |
| /   | / ===================================== | 37) (1)               |
|   | •                                       |                       |
|   |   |                       |



3:17 PM 02/07/03 Accrual Basis

### Energy Merchant Investors Master Fund, Ltd Profit & Loss

January through December 2002

| •                                  |               |
|------------------------------------|---------------|
|                                    | Jan - Dec 02  |
| Ordinary Income/Expense            |               |
| Income                             |               |
| Dividend Income                    | 4,200.00      |
| Interest income                    | 61,527.68     |
| Option Premiums                    | 3,456,422,40  |
| Realized Gains & Losses            |               |
| Bond Gains & Losses                | -256,253.94   |
| Futures Gains & Losses             | 3,255,650.00  |
| Prior Year Unrealized Loss         | 345,753.94    |
| Stock Gains & Losses               | -2,660,557.88 |
| Total Realized Gains & Losses      | 684,592.12    |
| Unrealized Gains & Losses          |               |
| Bond Gains and Losses              | 0.00          |
| Futures Gains & Losses             | -738,010.00   |
| Options Gains & Losses             | 1,535,800.00  |
| Stock Gains & Losses               | 0.00          |
| Total Unrealized Gains & Losses    | 797,790.00    |
| Total Income                       | 5,004,532.20  |
| Expense                            |               |
| Bank Charges                       | 218.00 🗡      |
| Brokerage Commisions               | 1,555,134.45  |
| Interest Expense                   | 3,947.55 🔀    |
| Total Expense                      | 1,559,300.00  |
| Net Ordinary income                | 3,445,232.20  |
| · .                                |               |
| Other Income/Expense Other Expense | <u> </u>      |
| Administration Fees                | 43,493.66     |
| Amortization Expense               | 12,000.00     |
| Audit Fees                         | 15,999.96     |
| Fund Expenses                      | 1,780.00      |
| Legal Fees                         | 6,000.00      |
| Total Other Expense                | 79,273.62     |
| Net Other Income                   | -79,273,62 O  |
| let Income                         | 3,365,958.58  |
| •                                  |               |

Legal Fees

TOTAL

6,000.00

17,972,273.82

17,972,273.82

3:16 PM 02/07/03

Accruai Basis

### Energy Merchant Investors Master Fund, Ltd Trial Balance

As of December 31, 2002

|  | Dec 3        | 11, 02       |
|--|--------------|--------------|
|  | Debit        | Credit       |
| Bermuda Commercial Bank                            | 154.06       | •            |
| Brokers:ADM 97533                                  | 790,206,72   |              |
| Brokers:Advest Total:Advest Accrued Interest       | 0.00         |              |
| Brokers:Advest Total:Advest Bonds                  | 0.00         |              |
| Brokers: Advest Total: Advest Cash                 | 6.37         |              |
| Brokers: Advest Total: Advest Equities             | 0.00         |              |
| Brokers:Firmat USA, Inc.                           | 283.81       |              |
| Brokers: Pioneer                                   | 0.00         |              |
| Brokers: Refco, Inc.                               | 3,677,970,29 |              |
| Brokers:Stone 14266                                | 1,539,378.85 |              |
| Cash In Transit                                    | 0.00         |              |
| Other Assets                                       | 0.00         |              |
| Other Assets:Organizational Costs                  | 38,000.00    |              |
| A/P and Accrued Expenses                           | 0.00         |              |
| A/P and Accrued Expenses: Accrued Admin            | 0.00         | 881.33       |
| A/P and Accrued Expenses: Accrued Audit            |              | 22,499,96    |
| A/P and Accrued Expenses:Accrued Legal             |              | 11.000.00    |
| Contributions                                      | •            | 2,000,000.00 |
| Distributions                                      | 5,513,041.38 | 2,000,000.00 |
| Expense Distributions                              | 1.119.836.90 |              |
| Retained Earnings                                  | 1,113,000.00 | 7,278,538.51 |
| Dividend Income                                    |              | 4,200.00     |
| Interest Income                                    |              | 61,527.68    |
| Option Premiums                                    |              | 3,456,422.40 |
| Realized Gains & Losses: Bond Gains & Losses       | 256,253,94   | 3,430,422.40 |
| Realized Gains & Losses:Futures Gains & Losses     | 200,200,07   | 3,255,650.00 |
| Realized Gains & Losses:Prior Year Unrealized Loss |              | 345.753.94   |
| Realized Gains & Losses: Stock Gains & Losses      | 2,660,557.88 | 540,705.54   |
| Unrealized Gains & Losses:Bond Gains and Losses    | 0.00         |              |
| Unrealized Gains & Losses: Futures Gains & Losses  | 738.010.00   |              |
| Unrealized Gains & Losses: Options Gains & Losses  | . 00,010,000 | 1.535,800.00 |
| Unrealized Gains & Losses:Stock Gains & Losses     | 0.00         | 1,000,000.00 |
| Bank Charges                                       | 218.00       |              |
| Brokerage Commisions                               | 1.555.134.45 |              |
| Interest Expense                                   | 3,947.55     |              |
| Administration Fees                                | 43,493,66    |              |
| Amortization Expense                               | 12,000.00    |              |
| Audit Fees   | 15,999.96    |              |
| Fund Expenses                                      | 1.780.00     |              |
| land Fare  | 0.000.00     |              |

## MSC Trading, LLC

369 Florida Hill Road, Ridgefield, Connecticut 06877

**FACSIMILE** 

DATE:

September 21, 2004

TO:

Charly Curcio

FAX: (302) 539-6527

FROM:

Charles P. Duffy

(203) 994-1080 Phone (203) 438-1185 Facsimile

Number of pages including cover page: Many

2002 Tax Return

| •                             | . •            | 1                          |                  |                      | ,                 |   |                                   |  | \$ <del>,</del>                          |                     | 4  |
|-------------------------------|----------------|----------------------------|------------------|----------------------|-------------------|---|-----------------------------------|--|--|---------------------|--|
| Fon                           | . 1(           | 365                        |                  |                      |                   | urn of P                                |                                   | •  |  |                     | OMB No. 1545-0099  |
| Dep                           | proment of the | the Treasury<br>as Service |                  | For calendar y       | ear 2002, or      | tax year beginnin<br>► See se           | g<br>parate instru                |  | ling                                     |                     | 2002   |
|                               |                | siness activity            |                  | Name of partne       | rship             |   |                                   |  |  |                     | D Employer identification numb                                   |
|                               |                |                            | Use the          | ,[                   |                   | •                                       |                                   |  |  |                     | 13-4146885   |
| TRA                           | DER            |                            | IRS              | 1                    | MERCH             | ANT INVE                                | STORS                             | FUND LLC   | 2  |                     | E Date business started  |
|                               |                | oduct or service           | tatral.          |                      |                   | sude no. If a P.O.                      |                                   |  |  |                     | -  |
|                               |                | •                          | CRIMO!-<br>Wise, | ļ                    |                   |   |                                   |  |  |                     | 03/21/2001   |
|                               | MODIT          | nor .                      | print            | 126 FAC              | ነጥ 56ጥ            | H STREET                                | 3350                              | FLOOR  |  |                     | F Total assets (see page 14 of                                   |
| _                             |                | code number                | or type          |                      |                   |   | , June                            | FLOOR  |  |                     | the instructions)  |
|                               | 525            | 990                        | <u> </u>         | NEW YOR              | K                 |   | ИА                                | <del>,</del>                                     | 10022                                    |                     | s 6,012,356.   |
| G                             | Check a        | applicable box             | xes:             | (1) Initial          | return (2         |   | urn (3)                           | Name change                                      | (4) Addr                                 | ess cha             | ange (5) Amended return  |
| н                             | Check a        | accounting m               | nethod:          | (1) Cash             |                   | (2) X Acc                               | rual (3                           | Other (  | (specify) 🕨                              |                     |  |
| ţ                             | Number         | of Schedule                | s K-1.           | Attach one for       | each perso        | n who was a par                         | tner at any tir                   | ne during the ta                                 | x year 🕨                                 |                     | 3  |
| Cat                           | ution- In      | vhide onhi                 | trada r          | or husiness in       | come and          | expenses on                             | lines 1e thro                     | uch 22 below                                     | See the instr                            | ictions             | for more information.  |
|                               |                |                            |                  | حبيب فيهين           | <del></del>       |   |                                   |  |  |                     |  |
|                               |                |                            |                  |                      |                   |   |                                   | ·  | <del></del>                              | 1                   |  |
|                               | bl             | .ess return                | s and a          | allowances .         |                   |   | [1b]                              |  |  | 1c                  |  |
|                               | -              |                            | -                |                      |                   |   |                                   |  |  |                     |  |
|                               | 2 (            | Cost of goo                | ds sol           | d (Schedule A        | . line 8)         |   | . <b></b> .                       |  |  | 2                   |  |
| e                             | 3 0            | Gross profil               | t. Subt          | ract line 2 fro      | m line 1c .       |   | . <b></b> .                       |  |  | 3                   | ,  |
| ncome                         |                | •                          |                  |                      |                   | ships, estates,                         |                                   |  |  |                     |  |
| 2                             | 1              |                            |                  |                      | -                 | =orm 1040})                             | -                                 |  | -  |                     |  |
|                               | 1              | •                          | •                | • •                  |                   | ne 18                                   |                                   |  |  |                     |  |
|                               |                | to gain (i-                |                  |                      |                   |   |                                   |  |  |                     |  |
|                               | 7              | Other incon                | ne (los          | s) (atlach scho      | edule}            |   |                                   |  | • • • • • • • • • • • • • • • • • • •    | 7                   |  |
|                               | 8              | Total incon                | ne (los:         | s). Combine l        | ines 3 thro       | ugh 7                                   |                                   |  | , , , , , , , , ,                        | 8                   |  |
| 7                             |                |                            |                  |                      |                   | s) (less emplo                          |                                   |  |  | 9                   |  |
| instructions for limitations) | 1              |                            |                  |                      |                   |   |                                   |  |  | 10                  |  |
| Ē                             | (              |                            |                  | •                    |                   |   |                                   |  |  | 11                  |  |
| وَ                            | 1              | •                          |                  |                      |                   |   |                                   |  |  | 12                  | <del></del>  |
| ş                             | 1              |                            |                  |                      |                   |   |                                   |  |  | 13                  |  |
| ğ                             | 1 '            |                            |                  |                      |                   |   |                                   | · · · · · ·                                      |  |                     |  |
| 퇉                             | 1              |                            |                  |                      |                   |   |                                   | -  |  | 14                  | · · · · · · · · · · · · · · · · · · ·                            |
| 9                             | 4              |                            | -                |                      |                   |   |                                   | • • • • • •                                      | • • • • • • • •                          | 15                  | <u> </u>   |
| of the                        | 3              | •                          | •                | -                    |                   | 52)                                     |                                   | <del>~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~</del> |  | -                   |  |
| ŧ                             | 1              | _                          |                  | •                    |                   | elsewhere on rel                        | um [160]                          |  |  | 16c                 |  |
| e de                          | 17             | Depletion (I               | Do not           | deduct oil a         | nd gas dep        | defion.)                                |                                   |  | • • • • • • • •                          | 17                  |  |
| ē.                            | 18             |                            |                  |                      |                   |   |                                   |  |  | 18                  | <u></u>  |
| 3                             | 19             | Employee b                 | onefit           | programs             |                   |   |                                   | • • • • • •                                      |  | 19                  |  |
| Deductions (see page          | 20             | Other dedu                 | ctions           | (attach schedi       | ule)              |   | SI                                | LE STATE   | ment. 1                                  | 20                  | 94,778.  |
| 2                             |                |                            |                  | •                    |                   |   |                                   |  |  |                     |  |
| Ded                           | 21             | Total dedu                 | ctions.          | Add the amo          | ounts show        | n in the far rig                        | ht column f                       | or lines 9 thro                                  | ugh 20                                   | 21                  | 94,778.  |
|                               |                | ~ 41                       |                  | 41                   |                   |   |                                   |  |  |                     | _  |
|                               | 22             | Ordinary ir                | come             | (loss) from tra      | de or bus         | iness activities                        | s. Subtract I                     | ine 21 from lir                                  | 18 8                                     | 22                  | -94,778 and to the best of my knowledge                          |
|                               |                | and betief.                | nt is tro        | ue, correct, and     | complete. D       | examined this ref<br>eclaration of prej | um, including<br>pairer (other th | accompanying sc<br>ian general parti             | medules and state<br>her or limited liab | emenis,<br>blity co | and to the dest of my knowledge<br>mpany member) is based on all |
| Si                            | gn             | information                | of which         | h preparer has any   | y knowledge.      |   |                                   | 0.001/   |  |                     | May the RS discuss this return                                   |
|                               | ere            | 1                          | // 6             |                      | / . l             |   | ン・エルニ                             | CUPY   |  |                     | with the preparer shown below (see                               |
| . 1                           | ~·~            |                            | HY               | D'                   | Les               | ULI                                     | 141 U                             | <u> </u>   |  |                     | Instructions)? X Yas 140   |
|                               |                | Signatur                   | e of gen         | neral partner or lin | nited trability o | ompany member                           | ·                                 | <b>7</b> C                                       | Date                                     |                     |  |
|                               |                | Preparer's                 |                  |                      |                   | . 0                                     | D                                 | oge (  | Checkil                                  | P                   | reparer's SSN or PTIN  |
| Pa                            | ild            | signature                  | 7                | المحا                | La 3 -            | Haller                                  | 4                                 | 111103   | self-<br>employed                        | 7                   | P00198922  |
| Pr                            | eparer'        | S Firm's name              | e (or un         | s GRAN               | ים לאחו           | RNTON LL                                | P                                 |  |  | -                   | N ► 36-6055558   |
|                               | e Only         | f self-empk                |                  | ·                    |                   | STREET                                  | <del></del>                       |  |  |                     | hone na  |
|                               |                | address, an                |                  | da                   | YORK,             | NY 1000                                 | A                                 | <del></del>                                      | <del></del>                              |                     |  |
| _                             |                |                            |                  |                      |                   |   | <del>*</del>                      |  |  |                     | 212-422-1000   |
| Fo                            | or Paper       | work Reduct                | tion Ac          | t Notice, see se     | parate instr      | uctions.                                |                                   |  |  |                     | Form 1065 (2002)   |

| ·            | 1065 (2002) ENERGY MERCHANT INVESTORS FUND LLC   | 13      | 4146        | 005    | Páge :       |
|--------------|--|---------|-------------|--------|--------------|
|              | edule A Cost of Goods Sold (see page 19 of the instructions)   | 10-     | 4140        | 202    |              |
| 3C11         | Entitle A) Cost of Goods cold (see page 10 of the maintains)   |         |             |        |              |
|              | tornation of hardening african   |         |             |        |              |
| 1            | Inventory at beginning of year.  Purchases less cost of items withdrawn for personal use   | 1       |             |        |              |
| 2            |  |         | <del></del> |        |              |
| 3            | Cost of labor  | 3       |             |        |              |
| 4            | Additional section 263A costs (attach schedule)  |         |             |        |              |
| 5            | Other costs (attach schedule)  |         |             |        |              |
| 6            | Total. Add fines 1 through 5   | 6       |             |        |              |
| 7            | Inventory at end of year   |         |             |        |              |
| 8            | Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2  | 8       |             |        |              |
| 9a           | Check all methods used for valuing closing inventory:  |         |             |        |              |
|              | (I) Cost as described in Regulations section 1.471-3   |         |             |        |              |
|              | (ii) Lower of cost or market as described in Regulations section 1.471-4   |         |             |        |              |
|              | (III) Other (specify method used and attach explanation)   |         |             |        |              |
| ь            | Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1:47  | 1-2(c)  |             | . •    | 7            |
| 6            |  | - :     |             | )      | 7            |
| _            | Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership?  |         |             | Yes    | No           |
|              | Was there any change in determining quantities, cost, or valuations between opening and closing inven  |         |             | Yes    | No           |
| e            | If "Yes," attach explanation.  | myr.    | لـا ٠       | 162 [  | 7 40         |
| C - L        |  |         |             |        |              |
|              | edule B Other Information  |         |             |        | T.:          |
| 1            | What type of entity is filing this return? Check the applicable box:   |         |             | Yes    | No           |
| a            | Doutleage detectal baraterarch   |         |             |        | 1            |
| c            | the state of the s |         |             |        | 1            |
| e            |  |         |             | _      | <b>.</b>     |
| 2            | Are any partners in this partnership also partnerships?  |         |             | .      | X            |
| 3            | During the partnership's tax year, did the partnership own any interest in another partnership or in any t   |         |             | 1      | }            |
|              | entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-  |         |             | 1      | }            |
|              | 301.7701-3? If yes, see instructions for required attachment   |         |             | -      | X            |
| 4            | Is this partnership subject to the consolidated audit procedures of sections 6221 through 6233? If "Yes,   |         |             | 1      |              |
|              | Designation of Tax Matters Partner below   |         |             |        | X            |
| 5            | Does this partnership meet all three of the following requirements?  |         |             |        |              |
| а            | The partnership's total receipts for the tax year were less than \$250,000;  |         |             |        |              |
| b            | The partnership's total assets at the end of the tax year were less than \$600,000; and  |         |             |        |              |
| c            | Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including   | œ       |             |        | l            |
|              | extensions) for the partnership return.  | •       |             |        |              |
|              | If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of For   | m 108   | 5:          |        | 1            |
|              |  |         | •           | - 1    | x            |
| 6            | or item J on Schedule K-1.  Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804,  | 8805    |             | `      | T            |
|              | and 8813. See page 20 of the instructions  |         |             | - 1    | X            |
| 7            | Is this partnership a publicly traded partnership as defined in section 469(k)(2)?   |         |             | 1      | X            |
|              | Has this partnership filed, or is it required to file, Form 8264, Application for Registration of a Tax Shelter  |         |             | •      | X            |
| 8            |  |         |             | •      | <del>-</del> |
| 9            | At any time during calendar year 2002, did the partnership have an interest in or a signature or other at  | •       |             | }      |              |
|              | over a financial account in a foreign country (such as a bank account, securities account, or other financial  | •       | _           | i      |              |
|              | account)? See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1   |         | s,          | -      |              |
|              | enter the name of the foreign country.   |         |             | .      | X            |
| 10           | During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor  | •       |             | 1      |              |
|              | foreign trust? If "Yes," the partnership may have to file Form 3520. See page 20 of the instructions   |         |             | ·      | X            |
| 11           | Was there a distribution of property or a transfer (e.g., by sale or death) of a partnership interest during t   |         |             |        | 1            |
|              | year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by attachi   |         |             |        | ļ            |
|              | statement described under Elections Made By the Partnership on page 8 of the instructions  |         |             | ·      | X            |
| 12           | Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships,   | attache | ed          | - Turn |              |
|              | to this return   |         |             |        | •            |
|              |  |         |             |        |              |
|              | ignation of Tax Matters Partner (see page 21 of the instructions)  |         |             |        |              |
| Ente         | r below the general partner designated as the tax matters partner (TMP) for the tax year of this return:   |         |             |        |              |
| NI           | - nf - 1   |         |             |        |              |
| Nam<br>desid |  |         |             |        |              |
|              |  | <u></u> |             |        |              |
|              | ress of  |         | <del></del> |        |              |
| desi         | gnated TMP F   |         |             |        |              |

JSA

| Sched                      |     | Partners' Shares of Income, Credits, Deductions, etc.   | 13     | 1-4146885 Page 3                      |
|----------------------------|-----|---|--------|---------------------------------------|
| ·                          |     | (a) Distributive share items  | T      | (b) Total amount                      |
|                            | 1   | Ordinary income (loss) from trade or business activities (page 1, line 22)                        | 1      | -94,778.                              |
|                            | 2   | Net income (loss) from rental real estate activities (attach Form 8825)                           | 2      |                                       |
|                            |     | Gross income from other rental activities 3a  |        | <del> </del>                          |
|                            |     |   | 1      |                                       |
|                            |     | Expenses from other rental activities (attach schedule) 3b  | -      | ł                                     |
| ~                          | C   | Net income (loss) from other rental activities. Subtract line 3b from line 3a                     | 3c     |                                       |
| 550                        | 4   | Portfolio income (loss): a Interest income  | 4a     | 61,531.                               |
| <u> </u>                   |     | Ordinary dividends  | 46     | 4,200.                                |
| ncome (Loss)               | C   | Royalty income  | 4c     |                                       |
| 8                          | d   | Net short-term capital gain (loss) (attach Schedule D (Form 1065))                                | 4 d    |                                       |
| =                          | e   | (1) Net long-term capital gain (loss) (attach Schedule D (Form 1065))                             | 4011)  | ····                                  |
|                            |     | (2) 28% rate gain (loss) > (3) Qualified 5-year gain >  |        | 5                                     |
| )                          | f   | Other portfolio income (loss) (ettach schedule)   | 41     |                                       |
|                            |     | Guaranteed payments to partners   | 5      |                                       |
| Į                          | 6   | Net section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797)             | 6      | 22.5                                  |
|                            |     | Other income (loss) (attach schedule) SEE STATEMENT 1   | 7      | 3,383,670.                            |
|                            |     | Charilable contributions (attach schedule)  | 8      | 2,202,010.                            |
| 살                          | 0   | Continue 470 avenue deduction (attach Form 4562)  |        |                                       |
| Deductions                 |     | Section 179 expense deduction (attach Form 4562)  | 9      |                                       |
| ۵≓                         | 10  | Deductions related to portfolio income (itemize)  | 10     | <del></del>                           |
|                            | 11  | Other deductions (attach schadule)  | 11_    |                                       |
|                            | 12a | Low-income housing credit   |        |                                       |
|                            |     |   | 12a(1) |                                       |
| Credits                    |     | (2) Other than on line 12a(1)   | 120(2) |                                       |
|                            |     | Qualified rehabilitation expenditures related to rental real estate activities (ettach Form 3468) | 12b    |                                       |
|                            |     | Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities  | 12c    |                                       |
|                            | ď   | Credits related to other rental activities  | 12d    |                                       |
|                            | 13  | Other credits   | 13     |                                       |
| - st                       | 14a | Interest expense on investment debts  | 14a    | 3,951.                                |
| invest-<br>ment<br>Interes | þ   | (1) Investment income included on lines 4a, 4b, 4c, and 4f above STMT 1                           | 146(1) | 65,731.                               |
| ÉÉÉ!                       |     | (2) Investment expenses included on line 10 above   | 14b(2) |                                       |
|                            | 15a | Net earnings (loss) from self-employment  | 15a    |                                       |
| Self.<br>Employ-<br>ment   | ь   | Gross farming or fishing income   | 15b    |                                       |
| 2 TE                       |     | Gross nonfarm income  | 15c    |                                       |
| <b>7</b>                   | 16a | Depreciation adjustment on property placed in service after 1986                                  |        |                                       |
| s and                      |     | Adjusted gain or loss   |        |                                       |
| tments<br>Preferer<br>Hems | c   | Depletion (other than oil and cas)  | 16c    |                                       |
| 事る事                        | d   | Depletion (other than oil and gas) (1) Gross income from oil, gas, and geothermal properties      | 164(1) | · · · · · · · · · · · · · · · · · · · |
| 2 X                        |     |   | 16d(2) |                                       |
| Adjust<br>Tax P            |     | Other adjustments and tax preference items (attach schedule)                                      |        | i                                     |
|                            | 170 | Name of familian country at [1.5] noscoccion  | 16e    |                                       |
|                            | 114 | Name of foreign country or U.S. possession  | 47h    |                                       |
|                            |     | Gross income from all sources   | 17b    | <del></del>                           |
|                            | 1   | Gross income sourced at partner level   | 17c    | · · · · · · · · · · · · · · · · · · · |
| 9                          | d   | Foreign gross income sourced at partnership level:  |        |                                       |
| Foreign Taxes              |     | (1) Passive (2) Listed categories (attach schedule) (3) General limitation (1)                    | 17d(3) |                                       |
| £                          | e   | Deductions allocated and apportioned at partner level:  |        |                                       |
| <u> </u>                   |     | (1) Interest expense (2) Other  | 17e(2) |                                       |
| Ö                          | f   | Deductions allocated and apportioned at partnership level to foreign source income:               |        |                                       |
|                            | ł   | (1) Passive (2) Listed categories (altrach schedule) (3) General limitation                       | 17f(3) |                                       |
|                            | g   | Total foreign taxes (check one): ▶ Paid Accrued   | 17g    |                                       |
|                            |     | Reduction in taxes available for credit (attach schedule)   | 17h    |                                       |
|                            | 18  | Section 59(e)(2) expenditures: a Type ▶ b Amount ▶  | 185    |                                       |
|                            | 19  |   |        |                                       |
| •-                         | Ĭ   | Tax-exempt interest income  | 19     |                                       |
| ĕ                          | 20  | Other tax-exempt income   | 20     |                                       |
| Other                      | 21  | Nondeductible expenses  | 21     |                                       |
| ~                          | 22  | Distributions of money (cash and marketable securities)   | 22     | 3,711,506.                            |
|                            | 23  | Distributions of property other than money  | 23     |                                       |
|                            | 24  | Other items and amounts required to be reported separately to partners (attach schedule)          |        |                                       |

|          | 1065 (2002) ENER                                       |                     | T :   | INVESTOR       | S FUI       | ND LLC       |                                |             |   | 13                                    | -41           | 46885                   | Page 4                                       |
|----------|--|---------------------|-------|----------------|-------------|--------------|--------------------------------|-------------|---|---------------------------------------|---------------|-------------------------|--|
|          | lysis of Net Incom                                     | e (Loss)            |       |                |             |              |                                |             |   |                                       |               |                         | ···  |
| 1        | Net income (loss). Co                                  |                     |       |                |             | -            |                                |             |   |                                       |               |                         |  |
|          | sum of Schedule K, lin                                 | es 8 through 11, 14 |       |                |             |              | • • • • • •                    | <del></del> |   | 1                                     |               | <u>3,350</u>            | <u>,672.</u>                                 |
| 2        | Analysis by  | (i) Corporate       | (     | ii) Individual |             | dividual     | (iv) Partne                    | rship       |   | ) Exemp                               |               | (vi) Nomin              | pe/Other                                     |
|          | partner type:  | II) Garpelate       |       | (active)       | (pa         | ssive)       | (10)( 0)0                      |             | org                                     | janizatio                             | <u> </u>      | (**) (**)               |  |
|          | General partners                                       |                     |       |                |             |              |                                |             | <u> </u>                                |                                       |               | <del></del>             |  |
|          | Limited partners                                       | 177,660.            |       |                |             | 3,012.       | - ··                           |             | <u> </u>                                |                                       |               |                         | ·  |
|          | e: Schedules L, M-                                     |                     |       |                |             |              |                                | were        | <u>d "Yes</u>                           |                                       |               | <u> </u>                |  |
| Sci      | edule L Balance  | Sheets per Boo      | ks    | В              | eginning    | of tax yea   | Г                              | 1           |   | End                                   | of ta:        | x year                  |  |
|          | Ass  | sets                |       | (a)            |             |              | b)                             |             | (c)                                     |                                       |               | (d)                     |  |
| 1        | Cash   | <i></i>             |       |                |             | <b> </b>     | NONE                           | 4           | . • • • • • • • • • • • • • • • • • • • |                                       | -             | <del>, -, -, -, -</del> | 737.   |
| 2a       | Trade notes and account                                |                     |       |                |             |              |                                | ļ           |   |                                       | _ `           |                         |  |
| ь        | Less allowance for bad                                 | • • •               | -     |                |             | <b></b>      | <del></del>                    |             |   |                                       | <del> </del>  |                         |  |
| 3        | Inventories  |                     |       |                |             |              |                                |             |   |                                       | <u> </u>      | ·····                   |  |
| 4        | U.S. government obliga                                 |                     |       |                |             |              |                                | 1.37        |   |                                       |               | <del></del>             |  |
| 5        | Tax-exempt securities                                  |                     |       |                |             |              |                                |             |   |                                       | <u> </u>      |                         |  |
| 6        | Other current assets (a)                               | tach schedule)      |       |                |             | <u></u>      |                                | ]           |   |                                       |               |                         |  |
| 7        | Mortgage and real esta                                 |                     |       |                |             | <u> </u>     |                                | ::::::      |   |                                       |               |                         |  |
| 8        | Other investments (atte                                |                     |       | STMT           | 2           | 6,3          | 66,252.                        |             |   |                                       |               | 6,011                   | 619.   |
| 92       | Buildings and other de                                 |                     |       |                |             | 37.10        |                                | <u></u>     |   |                                       | 1             |                         | :  |
| þ        | Less accumulated dep                                   |                     |       |                |             |              |                                | <u> </u>    |   |                                       | 4             |                         |  |
| 102      | Depletable assets                                      |                     |       | <b></b>        |             | 1            |                                | <u></u>     |   |                                       | ٠.            |                         |  |
| ь        | Less accumulated dep                                   |                     |       |                | <del></del> | ļ            |                                | <b>_</b>    | <del></del>                             |                                       | -             |                         |  |
| 11       | Land (net of any amort                                 |                     |       |                |             | <u></u>      |                                | -           |   |                                       | -             |                         |  |
|          | Intangible assets (amo                                 |                     |       |                | NONE        |              |                                | }           |   |                                       | -             |                         |  |
| Þ        | Less accumulated amo                                   |                     |       |                | NONE        | <b></b>      | NONE                           | 1           |   |                                       | -             |                         | <del></del>                                  |
| 13       | Other assets (attach so                                |                     |       |                |             | <del></del>  |                                |             |   |                                       | -             |                         |  |
| 14       | Total assets   |                     | · - • |                |             | 6.3          | 66,252.                        | 1           |   |                                       |               | 6,012                   | <u>. 356 .</u>                               |
|          |  | and Capital         |       |                |             | \$347.4 S    |                                |             |   |                                       |               |                         |  |
| 15       | Accounts payable                                       |                     |       |                |             | <del> </del> |                                |             |   |                                       | -             |                         |  |
| 16       | Mortgages, notes, bonds (<br>Other current liabilities |                     |       | STMT           |             | <del> </del> | 2000                           |             |   |                                       |               |                         | ~~~  |
| 17<br>18 | All nonrecourse loans                                  |                     |       | SIMI           | <b>-</b>    | <u> </u>     | 21,000.                        |             |   |                                       | 1-            | 23                      | <u> 223 .</u>                                |
| 19       | Mortgages, notes, bonds                                |                     |       |                |             | <del> </del> |                                | 1           |   |                                       | -             | <del></del>             |  |
| 20       | Other liabilities (affects                             |                     |       |                |             |              | ****************************** |             |   |                                       |               |                         |  |
| 21       | Partners' capital accou                                |                     |       |                |             | 6.3          | 45,252.                        | 1           |   |                                       | -             | 5,989                   | 133  |
| 22       | Total liabilities and cap                              |                     |       |                |             |              | 66,252.                        |             |   |                                       |               | 6,012                   |  |
|          | nedule M-1 Reco  |                     |       |                | Books \     |              |                                |             | eturn                                   | · · · · · · · · · · · · · · · · · · · | · · · · · · · |                         | <u>,                                    </u> |
| 1        | Net income (loss) per b                                |                     |       | 3,350,6        |             |              | orded on book                  |             |   | ded                                   |               |                         |  |
| 2        | income included on So                                  |                     |       |                |             | on Sched     | ule K, lines 1                 | through     | 7 (itemi                                | ze):                                  |               |                         | 14   |
| -        | through 4, 6, and 7, no                                |                     |       |                | ۱.          |              | pt interest \$                 |             |   |                                       |               |                         |  |
|          | this year (itemize):                                   |                     |       |                | }           | •            | •                              |             |   |                                       |               |                         |  |
| 3        | Guaranteed payments                                    |                     |       |                | 7           | Deduction    | s included o                   | n Sched     | iule K. tir                             | es 1                                  |               |                         | <del></del>                                  |
|          | insurance)   | · .                 |       |                | - 1         |              | 1, 14a, 17g,                   |             | •                                       |                                       |               |                         |  |
| 4        | Expenses recorded on                                   | books this year not |       |                |             |              | ook income th                  |             |   | - 1                                   |               |                         |  |
|          | included on Schedule                                   | K, lines 1 through  |       |                | } a         |              | ion \$                         |             | •                                       | 1                                     |               |                         |  |
|          | 11, 14s, 17g, and 18b                                  | (itemize):          |       |                |             |              |                                |             |   | 1                                     |               |                         |  |
| a        | Depreciation \$  |                     |       |                | 1           |              |                                |             |   |                                       |               |                         |  |
| 1        | Travel and entertainment                               | ent \$              |       |                | В           |              | 6 and 7                        |             |   |                                       |               |                         | ~~~  |
|          |  |                     |       |                | 9           |              | oss) (Analysis                 |             |   |                                       |               |                         |  |
| 5        | Add lines 1 through 4                                  |                     |       | 3,350,6        | 72.         |              | ubtract line 8                 |             |   |                                       |               | 3,350                   | 672.   |
| Sc       | hedule M-2 Anal  |                     | Ca    |                |             |              |                                |             |   |                                       |               |                         |  |
| 1        | Balance at beginning                                   | of year             |       | 6,345,2        | 52.6        | Distributio  | ns: a Cash                     | ST          | MT. 2.                                  |                                       | 3             | 3,711,                  | 506.   |
| 2        | Capital contributed: a                                 |                     |       | 4,7            |             |              |                                |             |   | · · · · · · · · · · · · · · · · · · · |               |                         |  |
|          |  | Property            |       |                | 7           | Other dec    | reases (itemiz                 | œ):         |   | -                                     |               |                         |  |
| 3        | Net income (loss) per l                                |                     |       | 3,350,6        | 72.         | <u>.</u>     |                                |             |   |                                       |               |                         |  |
| 4        | Other increases (itemiz                                |                     |       |                |             |              |                                |             |   |                                       |               |                         |  |
|          |  |                     |       |                | 8           | Add lines    | 6 and 7                        |             |   |                                       | 3             | 3,711,                  | 506.   |
| 5        | Add lines 1 through 4                                  |                     |       | 9,700,6        | 39.9        |              | end of year. S                 |             |   |                                       |               | , 989                   |  |
|          |  |                     |       |                |             |              |                                |             |   |                                       |               |                         |  |

| ENERGY MERCHANT INVESTORS FUND LLC<br>FORM 1065 SUPPORTING SCHEDULES               | 13-4146885  |
|--|---|
| LINE 20 - PAGE 1 - OTHER DEDUCTIONS  | ######################################                    |
| AMORTIZATION ADMINISTRATION FEE AUDIT FEE BANK CHARGES PROFESSIONAL FEE FILING FEE | 12,000.<br>55,517.<br>19,000.<br>480.<br>6,000.<br>1,781. |
| TOTAL OTHER DEDUCTIONS   | 94,778.   |
| SCHEDULE K - LINE 7 - OTHER INCOME/LOSS  |   |
| NET SECTION 1256 GAIN (LOSS)   | 3,383,670.  |
| TOTAL OTHER INCOME/LOSS  | 3,383,670.  |
| SCHEDULE K - LINE 14B(1) - INVESTMENT INCOME                                       | ·   |
| INTEREST INCOME DIVIDEND INCOME  | 61,531.<br>4,200.   |
| TOTAL INVESTMENT INCOME, SCHEDULE K, LINE 14B(1)                                   | 65,731.   |

| ENERG | Y MER | CHANT | INVEST | CORS | FUND  | LLC |
|-------|-------|-------|--------|------|-------|-----|
| FORM  | 1065, | SUPPO | DRTING | SCH  | DULES | 3   |

13-4146885

|                 |                   |                      | FORM 1003, SUFFORTING SCHEDE                               |
|-----------------|-------------------|----------------------|--|
| DING            | BEGINNING         | INVESTMENTS          | SCHEDULE L - LINE 8 - OTHER                                |
| ,011,619        | 6,366,252.        |                      | INVESTMENT IN ENERGY MERCHAN<br>INVESTORS MASTER FUND, LTD |
| ,011,619        | 6,366,252.        | =                    | TOTAL OTHER INVESTMENTS                                    |
| DING            | BEGINNING         | CURRENT LIABILITIES  | SCHEDULE L - LINE 17 - OTHER                               |
| 16,223<br>7,000 | 20,000.<br>1,000. |                      | ACCRUED EXPENSES<br>DUE TO RELATED PARTY                   |
| 23,223          | 21,000.           | ITIES =              | TOTAL OTHER CURRENT LIABIL                                 |
|                 | YEAR              | H CONTRIBUTED DURING | SCHEDULE M-2 - LINE 2A - CAS                               |
| 4,715.          |                   | YEAR                 | CASH CONTRIBUTED DURING THE                                |
| 4,715.          |                   | G THE YEAR           | TOTAL CASH CONTRIBUTED DURIN                               |
|                 |                   | H DISTRIBUTIONS      | SCHEDULE M-2 - LINE 6A - CAS                               |
| ,711,506.       |                   |                      | CASH DISTRIBUTIONS   |
| ,711,506.       | ~ ~ ~             |                      | TOTAL CASH DISTRIBUTIONS                                   |
|                 | 2000              |                      |  |

| (For              | EDULI<br>m 106         | 55)<br>the Treasury  |  | e separate      |                        | ns.                  | ·   | tc.          | OMB No. 1545-009   |
|-------------------|------------------------|--|--|-----------------|------------------------|----------------------|---|--------------|--|
|                   |                        |  | ar year 2002 or tax year beg<br>101-58-5760  | mning           | Partner                |                      | and ending<br>s identifying number b                            | 7.2          |  |
| Partn<br>MI<br>36 | ers na<br>CHAI<br>9 F1 |  | code PARTNER #                               | 1               | Partner<br>ENEF<br>126 | ship's<br>RGY<br>EAS | mame, address, and ZII MERCHANT INV ST 56TH STREE: RK, NY 10022 | ode<br>ESTO  | RS FUND LLC  |
|                   | ····                   |  |  |                 |                        |                      |   |              |  |
|                   | X lim                  | ited liability company                                       |  |                 | . •                    | 3.7                  | hare of liabilities (see in<br>se                               | istructio    | ins):  |
|                   |                        |  | tner? INDIVIDUA                              | L               |                        |                      | nrecourse financing   |              |  |
| C Is              | this pe                | armer a 🔀 domesti  | coraforeign partne                           |                 | Other                  |                      | · · · · · · · · · · · · · · · · · · ·                           |              |  |
| D En              | iter parti             | ner's percentage of: 6) 8                                    | termination 'y                               | End of<br>ear   |                        |                      | registration number 📂   |              |  |
|                   | rofit sh               | · · · · ·  | %VARIOU                                      |                 |                        |                      | e if this partnership is a                                      | •            |  |
|                   | ss sha                 | •                      | _ %VARIOU                                    |                 | partn                  | ership               | as defined in section   | 469(k)(2     | 2)   |
|                   |                        | nip of capital   | %VARIOU                                      |                 | _                      |                      |   |              |  |
|                   |                        |  | p filed return: CINCINN                      | ATI             | 1 Check                | appli                | cable boxes: (1) Fina   | 1 K-1 (      | 2) Amended K-1   |
| <u>J Ai</u>       | (a) C                  | of partner's capital<br>apital account at<br>pinning of year | account: (b) Capital contributed during year | 3, 4, and       | 's share of i          |                      | (d) Withdrawate and distributions                               |              | Capital account at end of ar (combine columns (a)                  |
|                   |                        | 5,058,262.   |  |                 | 170,3                  | 60                   | ( 3,067,882.)   | <del> </del> | through (d))<br>5,160,740.   |
|                   |                        |  | stributive share item                        |                 | <u> </u>               |                      | (b) Amount  | (4           | c) 1040 filers enter the<br>mount in column (b) on:                |
|                   | 1                      |  |  | activities      | <del></del>            | 1                    | -00 670   | <b></b>      |  |
|                   | 2                      |  |  |                 |                        |                      | -89,678.  | Se           | ee page 6 of Parmer's<br>structions for Schedule K-1<br>orm 1055). |
|                   | 3                      | • •  | om other rental activities                   | - • •           |                        | 3                    |   | 1 C F        | orm 1065).   |
| ,                 | 4                      | Portfolio income (los  |  |                 |                        |                      |   | 1            |  |
|                   | a                      | •  | · · · · · · · · · · · · · · · · · · ·        |                 |                        | 4a                   | 58,220.   | Sc           | h. B, Part I, line 1   |
| 9                 | ь                      |  |  |                 |                        | 4b                   | 3,974.  | 1            | h. B, Part II, line 5  |
| õ                 | С                      | =  | • • • • • • • • • • • • •                    |                 |                        | 4c                   |   | 1            | h. E. Part I, line 4   |
| come (Loss)       | d                      |  | al gain (loss)                               |                 |                        | 4d                   |   | 1            | ch. D. line 5, col. (f)  |
| Ĕ                 | e                      |  | apital gain (loss)                           |                 |                        | 4e(1)                |   | 1            | ch. D. line 12, col. (f)   |
| ၓၟ                | 1                      | • •  | oss)   |                 |                        | 4e(2)                |   | 1 .          | th. D, line 12, col. (g)   |
| =                 | 1                      | (3) Qualified 5-year   | gain   | • • • • • • •   | • • • •                | 4e(3)                |   | 1            | e 5 of worksheel for Sch. D. line 25                               |
|                   | ŧ                      |  | ne (loss) (attach schedule)                  |                 |                        |                      |   | 1            | ter on applicable line of your return.                             |
|                   | 5                      |  | nts to partner                               |                 |                        |                      |   | Se           | e page 6 of Partner's  |
|                   | 6                      | Net section 1231 gain  | (loss) (other than due to case               | ralty or theft) |                        | 6                    |   |              | structions for Schedule K-1<br>orm 1065).                          |
|                   | 7                      |  | (attach schedule)                            |                 |                        | 7                    | 3,201,582.  | Em           | ter on applicable line of your return.                             |
|                   |                        |  | -  |                 |                        |                      |   | <u> </u>     |  |
| ٨                 | 8                      |  | ions (see instructions) (atte                |                 |                        | 8                    |   | So           | th. A. line 15 or 16   |
| ¥ %               | 9                      |  | e deduction                                  |                 |                        | 9                    |   | Se           | e pages 7 and 8 of   |
| Deduc-<br>tions   | 10                     |  | to portfolio income (attach                  |                 |                        | 10                   |   | So           | riner's instructions for<br>hedule K-1 (Form 1065).                |
|                   | 11_                    |  | ttach schedule)                              |                 |                        | 11                   |   | <u> </u>     |  |
|                   | 12a                    | Low-income housing   | =  |                 |                        |                      |   | ] ]          |  |
|                   |                        |  | 2(j)(5) partnerships                         |                 |                        | 122(1)               |   | Fo           | rm 8586, line 5  |
| 10                |                        | (2) Other than on li   | ine 12a(1)                                   |                 |                        | 12a(2)               |   | V            |  |
| Credits           | b                      |  | ion expenditures related to                  |                 |                        | 12b                  |   | 7            |  |
| Ö                 | C                      | Credits (other than  | credits shown on lines 12:                   | and 12b)        | related                |                      |   | Sec          | e page 8 of Partner's  |
|                   |                        | to rental real estate  | activities                                   | · • • • • • •   |                        | 12c                  |   | } Ins        | tructions for Schedule K-1<br>orm 1065).                           |
|                   | d                      | Credits related to of  | ther rental activities                       |                 |                        | 12d                  |   | ("           | 110 1000).   |
|                   | 13                     | Other credits  |  | <u> </u>        |                        | 13                   |   | ノ            |  |
| Ear D             |                        | we Daduction Act Blotis                                      | re see Instructions for Form                 | 1066            |                        |                      |   | Schode       | He K-1 (Form 1065) 2002  |

| Schoo                                   | Jule | K-1 | (Form 1065) 2002 PARTNER # 1 MICHAEL   | CORN         | ISH                                    | Page 2   |
|---|------|-----|--|--------------|--|--|
|   |      |     | (a) Distributive share item  |              | (b) Amount                             | (c) 1040 filers enter the amount in column (b) on:   |
| <b>*</b>                                |      |     |  |              | . 700                                  |  |
| vestmo                                  | 14   |     | Interest expense on investment debts   |              | 3,738.                                 | Form 4952, line 1 See page 9 of Partners             |
| Investment<br>Interest                  | Ì    | þ   | (1) Investment income included on lines 4a, 4b, 4c, and 4f   |              | 62,194.                                | Instructions for Schedule K-1                        |
|   | _    |     | (2) Investment expenses included on line 10  |              | ·                                      | (Form 1065).   |
| £ 5                                     | 15   |     | Net earnings (loss) from self-employment   | 15a          |  | Sch. SE, Section A or B                              |
| Self-em-<br>ployment                    |      |     |  | 15b          |  | See page 8 of Partners Instructions for Schedule K-1 |
|   | _    | c   | Gross nonfarm income   | 15c          |  | (Form 1065).   |
| ê n                                     | 16   |     | Depreciation adjustment on property placed in service after 1986   | 16a          |  | []   |
| and T                                   |      | þ   | Adjusted gain or loss  | 166          |  | See page 9 of Partner's                              |
| 걸음                                      |      |     | Depletion (other than oil and gas)   | 16c          |  | Instructions for Schedule K-1                        |
| ĒĒ                                      | l    | đ   | (1) Gross income from oil, gas, and geothermal properties  | 184(1)       |  | (Form 1065) and Instructions for Form 6251.          |
| Adjustments and Tax<br>Preference Items |      |     | (2) Deductions allocable to oil, gas, and geothermal properties  | 184(2)       |  |  |
| ₹_                                      |      |     | Other adjustments and tax preference items (attach schedule)   | 16e          | ·                                      | )  |
|   |      |     | Name of foreign country or U.S. possession ▶   | 72850        | i                                      | <b>L</b>   |
|   | 1    | b   | Gross income from all sources  | 17b          |  | 1 }  |
|   |      |     | Gross income sourced at partner level  | 17c          |  | <b>}</b> }   |
|   | 1    | ď,  | Foreign gross income sourced at partnership level:   |              | :                                      | 1  |
|   |      |     | (1) Passive  | 174(1)       |  |  |
|   | 1    |     | *  | 178(2)       |  |  |
| 8                                       |      |     | (3) General limitation   | 176(3)       |  | 5 1516 Dati  |
| Ž                                       |      | e   | Deductions allocated and apportioned at partner level:   |              |  | Form 1116, Part I                                    |
| É                                       |      |     | •  | 17-(1)       |  |  |
| foreign Taxes                           |      |     | (2) Other  | 17+(2)       |  |  |
| 50                                      |      | f   | Deductions allocated and apportioned at partnership level to   |              |  |  |
|   |      |     | foreign source income:   |              |  |  |
|   |      |     | (1) Passive  | 174(1)       |  |  |
|   | 1    |     | (2) Listed categories (attach schedule)  | 171(2)       |  | })   |
|   |      |     | (3) General limitation   | 171(3)       |  | Form 1116, Part II                                   |
|   | 1    | g   | Reduction in takes available for credit (attach schedule)  | 17g          |  | Form 1116, line 12                                   |
|   | 1.0  |     | Section 59(e)(2) expenditures: a Type  | 223322       |  | See page 9 of Partner's                              |
|   | 18   |     |  | 4 0 6        |  | Instructions for Schedule K-1                        |
|   | 1.0  |     | Amount Tax-exempt interest income  |              |  | (Form 1065).   |
|   | 19   |     |  |              |  | Form 1040, line 8b                                   |
| <u></u>                                 | [    |     | Other tax-exempt income  |              |  | See pages 9 and 10 of                                |
| iş<br>Ç                                 | 21   |     | Distributions of money (cash and marketable securities)  |              | 2 067 992                              | Partner's Instructions for Schedule K-1 (Form 1065). |
| ō                                       | 22   |     | Distributions of property other than money   | 23           | 3,067,882.                             | CO. COM (4 7 (4 CM 1000).                            |
|   | 24   |     | Recapture of low-income housing credit   | 0.0000000000 |  | 7  |
|   | 24   |     | From section 42(j)(5) partnerships   | 24a          |  | h  |
|   |      |     | Other than on line 24a   |              |  | > Form 8611, line 8                                  |
|   | 25   |     | Supplemental information required to be reported separately to   |              | artner (attach additional so           | hedules if more space is                             |
|   |      |     | needed):   | •            | •                                      |  |
|   |      |     |  |              |  |  |
| Ĕ                                       |      |     |  |              |  |  |
| aţ                                      | }    |     |  |              |  |  |
| Ē                                       | 1    |     |  |              |  |  |
| 물                                       | 1    |     |  |              |  | •  |
| 풑                                       |      |     |  |              |  |  |
| Ĕ                                       |      |     |  |              | •                                      |  |
| Ĕ                                       |      |     |  |              |  |  |
| Supplemental Information                |      |     |  |              |  |  |
| ğ                                       | }    |     |  | <del></del>  | ************************************** |  |
| 3)                                      |      |     |  |              |  |  |
|   |      |     |  | ·            |  |  |
|   |      |     |  |              |  |  |
|   |      |     | والمراب والمرا |              |  |  |

| ENERGY MERCHANT INVESTORS FUND LLC<br>SCH K-1 SUPPORTING SCHEDULES PARTNER # 1 MICHAEL CORNISH        | 13-4146885           |
|---|----------------------|
| ITEM J, COLUMN(C) - RECONCILIATION OF INCOME  |                      |
| INCOME (LOSS) FROM SCH. K-1, LINES 1 - 7 LESS: DEDUCTIONS FROM SCH. K-1, LINES 8 - 11, 14A, 17G & 18B | 3,174,098.<br>3,738. |
| TOTAL INCOME PER SCHEDULE K-1   | 3,170,360.           |
| TOTAL INCOME PER ITEM J, COLUMN (C)   | 3,170,360.           |
| CASH DISTRIBUTIONS  | 3,067,882.           |
| CASH DISTRIBUTIONS TOTAL WITHDRAWALS AND DISTRIBUTIONS  | 3,067,882.           |
|   |                      |
| LINE 7 - OTHER INCOME/LOSS  |                      |
| NET SECTION 1256 GAIN/LOSS  | 3,201,582.           |
| TOTAL OTHER INCOME  | 3,201,582.           |

| Sche                                    | lule K-  | 1 (Form 1065) 2002 PARTNER # 2 EMC CAP                           | ITAL        | CORPORATION                            | (c) 1040 filers enter the                               |
|---|----------|--|-------------|--|---|
|   |          | (a) Distributive share item                                      |             | (b) Amount                             | amount in column (b) on                                 |
| +                                       | T        |  |             | <del></del>                            |   |
| Investment<br>Interest                  | 14 a     | Interest expense on investment debts                             | 14a         | 210                                    | Form 4952, line 1                                       |
| ivestmen<br>Interest                    |          | (1) Investment income included on lines 4a, 4b, 4c, and 4f       |             | 3,485.                                 | San page 9 of Partners                                  |
| ٤٤                                      | -        | (2) Investment expenses included on line 10                      |             |  | Instructions for Schedule K-<br>(Form 1065)             |
| 1 =                                     | 15.2     | Net earnings (loss) from self-employment                         |             |  | Sch. SE, Section A or B                                 |
| ĒĒ                                      |          | Gross farming or fishing income                                  |             |  | See page 9 of Partners                                  |
| Belkem-<br>ployment                     | ı        | Gross nonfarm income   | 1           |  | Instructions for Schedule K-                            |
| _                                       |          |  | 16a         |  | ( G. 1005).   |
| E E                                     |          | Depreciation adjustment on property placed in service after 1986 |             |  |   |
| and T                                   | ٥        |  |             |  | See page 9 of Partner's instructions                    |
| 5 5                                     | C        | Depletion (other than oil and gas)                               | 18c         |  | → for Schedule K-1                                      |
| 5 5                                     | a        | (1) Gross income from oil, gas, and geothermal properties        | 184(1)      |  | (Form 1065) and Instructions for Form 6251.             |
| Adjustments and Tax<br>Preference Items |          | (2) Deductions allocable to oil, gas, and geothermal properties  | 154(2)      | <del></del>                            | 11  |
| <u> </u>                                |          | Other adjustments and tax preference items (ettech schedule)     | 16e         |  |   |
|   |          | Name of foreign country or U.S. possession                       | (2000)      |  | h   |
|   |          | Gross income from all sources                                    | 17b         |  | -   |
|   |          | Gross income sourced at partner level                            | 17c         | <del></del>                            | 4 (   |
|   | đ        | Foreign gross income sourced at partnership level:               |             |  | 1 1   |
|   |          | (1) Passive  | 170(1)      |  | 4 1   |
|   |          | (2) Listed categories (attach schedule)                          | 170(2)      |  | 41  |
| υp                                      |          | (3) General limitation   | 178(3)      |  |   |
| X                                       | e        | Deductions allocated and apportioned at partner level:           |             |  | Form 1116, Part )                                       |
| 2                                       |          | (1) Interest expense   | 170(1)      | ·                                      | 11  |
| foreign Taxes                           | <b>,</b> | (2) Other  | 17-(2)      |  | 4 1   |
| Š                                       | 1        | Deductions allocated and apportioned at partnership level to     |             |  | 11  |
|   | }        | foreign source income:   |             |  | [ ]   |
|   |          | (1) Passive  | 175(1)      |  | 11  |
|   | 1        | (2) Listed categories (attach schedule)                          | 171(2)      |  | [ ]   |
|   |          | (3) General limitation   | 17((3)      |  | 7   |
|   | 9        | Total foreign taxes (check one): ▶ Paid Accrued                  | 179         |  | Form 1116, Part II                                      |
| ·                                       | h        | Reduction in taxes available for credit (ettach schedule) :      |             |  | Form 1116, line 12                                      |
|   | 18       | Section 59(e)(2) expenditures: a Type ▶                          |             |  | See page 9 of Partners<br>Instructions for Schedule K-1 |
|   | ь        | Amount   |             |  | (Form 1065).  |
|   | 19       | Tax-exempt interest income                                       |             |  | Form 1040, line 8b                                      |
|   | 20       | Other tax-exempt income  |             |  |   |
| her                                     | 21       | Nondeductible expenses   |             |  | See pages 9 and 10 of Partner's Instructions for        |
| ō                                       | 22       | Distributions of money (cash and marketable securities)          | 22          | 643,624.                               | Schedule K-1 (Form 1065).                               |
|   | 23       | Distributions of property other than money                       | 23          | ~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~ | <b>)</b>  |
|   | 24       | Recapture of low-income housing credit                           |             |  |   |
|   |          | From section 42(j)(5) partnerships                               |             |  | Form 8611, fine 8                                       |
|   | Ь        | Other than on line 24a   |             |  | <i>/</i>  |
|   | 25       | Supplemental information required to be reported separately to   | each p      | partner (attach additional s           | chedules if more space is                               |
|   |          | needed):   |             | •                                      |   |
|   | }        |  |             |  |   |
| <u>8</u>                                |          |  |             |  |   |
| Jac                                     | 1        |  |             |  |   |
| 20                                      |          |  |             |  |   |
| Ē                                       | 1        |  |             |  |   |
| <u>ta</u>                               |          |  |             |  |   |
| Supplemental information                |          |  | <del></del> |  |   |
| Supt                                    |          |  |             |  |   |
|   |          |  |             |  |   |
|   |          |  |             |  |   |
|   | <u> </u> |  |             |  |   |

| ENERGY MERCHANT INVESTORS FUND LLC<br>SCH K-1 SUPPORTING SCHEDULES PARTNER # 2 EMC CAPITAL CORPORAT   | 13-4146885<br>ION |
|---|-------------------|
| ITEM J, COLUMN(C) - RECONCILIATION OF INCOME  |                   |
| INCOME (LOSS) FROM SCH. K-1, LINES 1 - 7 LESS: DEDUCTIONS FROM SCH. K-1, LINES 8 - 11, 14A, 17G & 18B | 177,870.<br>210.  |
| TOTAL INCOME PER SCHEDULE K-1   | 177,660.          |
| TOTAL INCOME PER ITEM J, COLUMN(C)  | 177,660.          |
| ITEM J, COLUMN(D) - WITHDRAWALS AND DISTRIBUTIONS  CASH DISTRIBUTIONS                                 | 643,624           |
| TOTAL WITHDRAWALS AND DISTRIBUTIONS   | 643,624.          |
| LINE 7 - OTHER INCOME/LOSS  |                   |
| NET SECTION 1256 GAIN/LOSS  | 179,410.          |
| TOTAL OTHER INCOME  | 179,410.          |

|                 | EDUL   | EK-1 Part                           | ner's Share of Ir                                | •                                     |           |         | Deductions, et                          | tc.            | OMB No. 1545-0098                                      |
|-----------------|--------|-------------------------------------|--|---------------------------------------|-----------|---------|---|----------------|--|
| (POI            | m 106  | the Treasury                        | ►se  | ee separate ins                       |           |         |   | 1              | 2002   |
|                 |        |                                     | ar year 2002 or tax year beg                     | inning                                |           |         | and ending                              | 12 4           |  |
|                 |        |                                     | 097-58-8392                                      |                                       |           |         | identifying number >                    |                | 146883   |
|                 |        | me, address, and ZIP<br>IS P. DUFFY | code PARTNER #                                   | - 1                                   |           | -       | name, address, and ZIF<br>MERCHANT INVE |                | FUND LLC   |
|                 |        | TONVILLE RO                         | מבּ  | 2                                     |           |         | T 56TH STREET                           |                |  |
|                 |        | SALEM, NY 1                         | ·  |                                       |           |         | K, NY 10022                             | , 4444         |  |
| 50              |        | Denduct, Ita                        |  | 1 '                                   | 21277     |         | .,                                      |                | •  |
|                 |        |                                     |  | }                                     |           |         |   |                |  |
|                 |        |                                     |  |                                       |           |         |   |                |  |
|                 | -      |                                     |  |                                       |           |         |   |                |  |
|                 |        |                                     |  |                                       |           |         |   |                |  |
|                 |        | merisa gener                        |  | artner F                              |           |         | hare of liabilities (see in             | structions)    |  |
| -               |        | ited liability company              |  |                                       |           |         | ×                                       | <del> </del>   |  |
|                 |        |                                     | ner? > INDIVIDUA                                 |                                       | 117.13.41 | •       | nrecourse financing                     |                |  |
|                 |        | irtner a X domestic                 |  |                                       | Other     | • • •   |   | <del></del>    | ····   |
|                 |        |                                     | terminadon y                                     |                                       |           |         | egistration number                      |                |  |
|                 |        | aring                               | %VARIOU  |                                       |           |         | if this partnership is a                |                |  |
|                 | es sha | - • • • •                           | %VARIOU  |                                       | parm      | ersnip  | as defined in section 4                 | 169(K)(Z)      | ٠٠٠٠٠٠١ ا  |
|                 |        | up of capital                       | %VARIOU<br>filed return: CINCINN                 | , , , , , , , , , , , , , , , , , , , | Chack     | annli   | cable boxes: (1) Fina                   | IK-1 (2)       | Amended K-1  |
|                 |        | of partner's capital                |  | A                                     | Ollock    | appin   | same obues. [1]                         | 1101           | Trafferided V-1  |
| <u></u>         |        | apital account at                   | (b) Capital contributed                          | (c) Partners                          |           |         | (d) Withdrawals and                     |                | tal account at end of                                  |
|                 | beg    | ginning of year                     | dùring year                                      | 3, 4, and 7,<br>Schedu                |           | 55.     | distributions                           |                | ombine columns (a)<br>through (d))                     |
|                 |        |                                     | 4,715.   |                                       | 2,6       | 52.     | ( )                                     |                | 7,367.   |
|                 |        | (a) Dis                             | stributive share item                            |                                       |           |         | (b) Amount                              | (c) 10<br>amou | 40 filers enter the mt in column (b) on:               |
|                 | 1      | Ordinary Income (los                | ss) from trade or business                       | activities                            |           | 1       | -75.                                    | See na         | no fi of Pathor's                                      |
|                 | 2      | Net income (loss) fro               | om rental real estate activ                      | ities                                 |           | 2       |   | Instruc        | ige 6 of Partner's<br>tions for Schedule K-1<br>1065). |
|                 | 3      | Net income (loss) for               | om other rental activities                       |                                       |           | 3       |   | J *****        | , , ,  |
|                 | 4      | Portfolio income (los               | s):  | •                                     | - }       |         |   |                |  |
|                 | a      | Interest                            |  |                                       |           | 4a      | 49.                                     | Sch. 8         | . Part I, line 1                                       |
| SE              | ь      | Ordinary dividends                  |  | . <i></i>                             |           | 4b      | 3.                                      | Sch. B         | i, Part II, line 5                                     |
| come (Loss)     | C      |                                     |  |                                       |           | 4c      | ·                                       | Sch. E         | , Part I, line 4                                       |
| စ္              | d      | -                                   | al gain (loss)                                   |                                       |           | 4d      |   | 1              | ), line 5, col. (f)                                    |
| ٠Ę              | e      |                                     | apital gain (loss)                               |                                       |           | 4e(1)   | , , , , , , , , , , , , , , , , , , ,   | 1              | ), fine 12, col. (f)                                   |
| Ĕ               | 1      |                                     | oss)   |                                       |           | 4e(2)   | ·                                       |                | ), line 12, col. (g)                                   |
|                 |        | (3) Qualified 5-year                | gain   |                                       |           | 40(3)   |   |                | workshees for Sch. D, line 29                          |
|                 | f      |                                     | ne (loss) (attach schedule)                      |                                       |           | 4f<br>5 |   | 1 _            | epplicable line of your rearn.<br>ge 6 of Partners     |
|                 | 5      | Suaranteed paymer                   | its to partner<br>(loss) (other than due to case | unity of that?                        |           | 6       |   | > Instruc      | tions for Schedule K-1                                 |
|                 | 7      |                                     | (attach schedule)                                | -                                     |           | 7       | 2,678.                                  | ∫ (Form        | 1 UCC).<br>1 applicable line of your return.           |
|                 |        | Other income hosel                  | (altacii Scrieddie)                              |                                       |           |         | 2,070.                                  |                | · pp.  |
|                 | 8      | Charitable contributi               | ons (see instructions) (atta                     | ach schedule)                         | , 1       | 8       |   | Sch. A         | , line 15 or 16  |
| 호 œ             |        |                                     | e deduction                                      |                                       |           | 9       |   | See na         | ges 7 and 8 of   |
| Deduc-<br>tions | 10     |                                     | o portfolio income (attach                       |                                       |           | 10      |   | > Partner      | 's Instructions for<br>the K-1 (Form 1065).            |
| 2               | 111    |                                     | ttach schedule)                                  |                                       |           | 11      |   | ) Scried       | ne A-1 (Form 1005).                                    |
|                 | 12a    | Low-income housing                  |  |                                       |           |         |   |                |  |
|                 |        | (1) From section 4                  | 2(j)(5) partnerships                             |                                       |           | 12a(1)  |   | Form           | 3586, line 5   |
|                 |        | (2) Other than on li                | ne 12a(1) , , , ,                                |                                       |           | 124(2)  |   | J              |  |
| ফ               | b      |                                     | on expenditures related to                       |                                       |           |         |   |                |  |
| Credits         | }      |                                     |  |                                       |           | 12b     |   | )              |  |
| $\ddot{o}$      | C      | Credits (other than                 | credits shown on lines 12:                       | a and 12b) re                         | lated     |         |   |                | ge 8 of Partners                                       |
|                 |        | to rental real estate               | activities                                       | · · · · · · · ·                       |           | 12c     |   |                | ions for Schedule K-1                                  |
|                 | d      | Credits related to of               | her rental activities                            |                                       |           | 12d     | ·                                       | 1 2 21 111     | ,  |
|                 | 13     | Other credits                       | <u> </u>   | <del> </del>                          | <u></u>   | 13      |   | 1              |  |
| For F           | aperwo | ork Reduction Act Notic             | ce, see instructions for Form                    | 1065.                                 |           |         |   | Schedule i     | K-1 (Form 1065) 2002                                   |

|  | *.           |
|--|--------------|
| ENERGY MERCHANT INVESTORS FUND LLC<br>SCH K-1 SUPPORTING SCHEDULES PARTNER # 3 CHARLES P. DUFFY  | 13-4146885   |
| ITEM J, COLUMN(B) - CAPITAL CONTRIBUTIONS  |              |
| CASH CONTRIBUTIONS   | 4,715.       |
| TOTAL CAPITAL CONTRIBUTIONS  | 4,715.       |
| ITEM J, COLUMN(C) - RECONCILIATION OF INCOME  INCOME (LOSS) FROM SCH. K-1, LINES 1 - 7  LESS: DEDUCTIONS FROM SCH. K-1, LINES 8 - 11, 14A, 17G & 18B | 2,655.<br>3. |
| TOTAL INCOME PER SCHEDULE K-1  | 2,652.       |
| TOTAL INCOME PER ITEM J, COLUMN(C)   | 2,652.       |
| LINE 7 - OTHER INCOME/LOSS   |              |
| NET SECTION 1256 GAIN/LOSS   | 2,678.       |
| TOTAL OTHER INCOME   | 2,678.       |

| Schedule K-1, Item J - Analysis of Partners Capital Accounts |  |                                    |   |                                     |                                       |  |  |  |  |  |  |
|--|--|------------------------------------|---|-------------------------------------|---------------------------------------|--|--|--|--|--|--|
| Partner<br>Number  | A. Capital Account at<br>Seginning of Year | B. Capital Contributed During Year | C. Partners' Shares of Sch.<br>M-2, Lines 3, 4, and 7 | O. Withdrawals and<br>Distributions | E. Capital Account at<br>End of Year  |  |  |  |  |  |  |
| 1  | 5,058,262.                                 |                                    | 3,170,360.  | 3,067,882.                          | 5,160,740                             |  |  |  |  |  |  |
| 2  | 1,286,990.                                 |                                    | 177,660.  | 643,624.                            | 821,026                               |  |  |  |  |  |  |
| 3  |  | 4,715.                             | 2,652.  |                                     | 7,367                                 |  |  |  |  |  |  |
|  |  |                                    |   |                                     |                                       |  |  |  |  |  |  |
|  |  |                                    |   |                                     |                                       |  |  |  |  |  |  |
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|  |  | 1                                  |   |                                     |                                       |  |  |  |  |  |  |
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|  |  |                                    |   |                                     | <u> </u>                              |  |  |  |  |  |  |
|  |  |                                    |   |                                     |                                       |  |  |  |  |  |  |
|  |  |                                    |   |                                     |                                       |  |  |  |  |  |  |
|  |  |                                    |   |                                     |                                       |  |  |  |  |  |  |
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|  |  |                                    |   |                                     |                                       |  |  |  |  |  |  |
|  |  |                                    |   |                                     |                                       |  |  |  |  |  |  |
|  |  |                                    |   |                                     |                                       |  |  |  |  |  |  |
| TOTALS   | 6,345,252.                                 | 4,715.                             | 3,350,672.  | 3,711,506.                          | 5,989,133.                            |  |  |  |  |  |  |

➤ See separate instructions.

Department of the Treasury

Internal Revenue Service

# **Depreciation and Amortization**

(including Information on Listed Property)

➤ Attach to your tax return.

OMB No. 1545-0172

Attachment Sequence No.

| ENERGY MERCHANT II  |   | ND LLC   |  | <del></del>                           |   | 13-4146885                                       |
|---|---|--|--|---------------------------------------|---|--|
| usiness or activity to which this form relates  |   |  |  |                                       |   | •  |
| ENERGY MERCHANT I   | NVESTORS FUR  | ID LLC   |  |                                       | <del></del>                                       |  |
| art I Election To Expense   | Certain Tangible P  | roperty Under Sec  | tion 179   | Jaka Barti                            |   |  |
| Note: If you have any   |   |  |  |                                       | <del></del>                                       |  |
| 1 Maximum amount. See page 2 of   |   |  |  |                                       |   | 24,00  |
| 2 Total cost of section 179 property  |   |  |  |                                       |   |  |
| 3 Threshold cost of section 179 pro   |   |  |  | · · · · · · · ·                       | - , - }   | 200,000  |
| 4 Reduction in limitation, Subtract in<br>5 Octor limitation for tox year, Subtract line 4.1<br>dling separately, see page 2 of the instructions  | ne 3 from line 2, if zero (<br>from line 1, 1/2 arc or less, enter  | or lass, enter -U-<br>-C- If married   | • • • • •  |                                       | 5   |  |
| aling separately, see page 2 of the instructions  | on of property  | Or Cont the  | usiness use on   | 4 (2) 500                             | ted cost  | · · · · · · · · · · · · · · · · · · ·            |
|   | oli oi busineriA  | 1 to Cost (Di  | usarioss use on  | y) (c) Elec                           | rep coer  |  |
| 6   | <del></del>   |  | <del></del>  | <del></del>                           |   |  |
| 7 Listed property. Enter the amount   |   |  | 7  | <del></del>                           | <del></del>                                       |  |
|   | property Add amounts  | in column (c) lines 6 and  |  |                                       | 8   | -  |
| <ul> <li>Total elected cost of section 179 p</li> <li>Tentative deduction. Enter the small</li> </ul>   |   |  |  |                                       |   | <del> </del>                                     |
| Carryover of disallowed deduction   |   |  |  |                                       |   | <del></del>                                      |
| Business Income limitation. Enter   |   |  |  |                                       |   | <del> </del>                                     |
| 2 Section 179 expense deduction. A  |   |  |  |                                       |   | <del> </del>                                     |
| 3 Carryover of disallowed deduction   |   |  |  |                                       |   |  |
| ote: Do not use Part II or Part III below   |   |  |  | <del></del>                           | <del>· · · · · · · · · · · · · · · · · · · </del> | <del>                                     </del> |
| Partil Special Depreciation   |   |  | Do not incl  | ude listed pro                        | operty )  | <u></u>  |
| 4 Special depreciation allowance for  |   |  |  | add noted pr                          | JP41.17.1   | T  |
| service during the tax year (see pa   |   |  |  |                                       |   |  |
| 5 Property subject to section 168(f)  |   |  |  |                                       |   | <del> </del>                                     |
| 6 Other depreciation (Including ACR   |   |  |  |                                       |   | <del> </del>                                     |
| MACRS Depreciation  | (Do not include lister  |  | 4 of the in  | structions.)                          |   |  |
| 7 MACRS deductions for assets pla   | ced in service in tax yea   | Section A<br>ars beginning before 2002   |  |                                       | 17  | •  |
| 7 MACRS deductions for assets plas 8 If you are electing under section 1 year into one or more general asse   | ced in service in tax yet<br>(68(i)(4) to group any a<br>at accounts, check here  | Section A<br>ars beginning before 2002<br>ssets placed in service du   | ring the tax   | . <b>.</b> .                          | 73.14<br>27.44                                    |  |
| 7 MACRS deductions for assets place<br>8 If you are electing under section 1  | ced in service in tax yes<br>168(i)(4) to group any a<br>at accounts, check here<br>Placed in Service   | Section A ars beginning before 2002 ssets placed in service du During 2002 Tax Ye  | ring the tax   | . <b>.</b> .                          | 73.14<br>27.44                                    |  |
| 7 MACRS deductions for assets pla<br>8 If you are electing under section 1<br>year into one or more general asse  | ced in service in tax yet<br>(68(i)(4) to group any a<br>at accounts, check here  | Section A<br>ars beginning before 2002<br>ssets placed in service du   | ring the tax   | . <b>.</b> .                          | 73.14<br>27.44                                    | on System  |
| 7 MACRS deductions for assets plas 8 If you are electing under section 1 year into one or more general asset Section B - Assets  (a) Classification of property   | ced in service in tax yes<br>168(i)(4) to group any a<br>at accounts, check here<br>Placed in Service<br>(b) Month and<br>year placed in  | Section A ars beginning before 2002 ssets placed in service du  During 2002 Tax Ye (c) Basis for depreciation (business/investment use   | ring the tax ear Using   | . ▶ ☐                                 | Depreciati  | on System  |
| 7 MACRS deductions for assets plas 8 If you are electing under section 1 year into one or more general asse Section B - Assets  (a) Classification of property  | ced in service in tax yes<br>168(i)(4) to group any a<br>at accounts, check here<br>Placed in Service<br>(b) Month and<br>year placed in  | Section A ars beginning before 2002 ssets placed in service du  During 2002 Tax Ye (c) Basis for depreciation (business/investment use   | ring the tax ear Using   | . ▶ ☐                                 | Depreciati  | on System  |
| 7 MACRS deductions for assets place 8 If you are electing under section 1 year into one or more general asset Section B - Assets (a) Classification of property 9a 3-year property  | ced in service in tax yes<br>168(i)(4) to group any a<br>at accounts, check here<br>Placed in Service<br>(b) Month and<br>year placed in  | Section A ars beginning before 2002 ssets placed in service du  During 2002 Tax Ye (c) Basis for depreciation (business/investment use   | ring the tax ear Using   | . ▶ ☐                                 | Depreciati  | on System  |
| 7 MACRS deductions for assets pla 8 If you are electing under section 1 year into one or more general asse Section B - Assets  (a) Classification of property 9a 3-year property b 5-year property  | ced in service in tax yes<br>168(i)(4) to group any a<br>at accounts, check here<br>Placed in Service<br>(b) Month and<br>year placed in  | Section A ars beginning before 2002 ssets placed in service du  During 2002 Tax Ye (c) Basis for depreciation (business/investment use   | ring the tax ear Using   | . ▶ ☐                                 | Depreciati  | on System  |
| 7 MACRS deductions for assets plas 8 If you are electing under section 1 year into one or more general asse Section B - Assets  (a) Classification of property 9a 3-year property b 5-year property c 7-year property   | ced in service in tax yes<br>168(i)(4) to group any a<br>at accounts, check here<br>Placed in Service<br>(b) Month and<br>year placed in  | Section A ars beginning before 2002 ssets placed in service du  During 2002 Tax Ye (c) Basis for depreciation (business/investment use   | ring the tax ear Using   | . ▶ ☐                                 | Depreciati  | on System  |
| 8 If you are electing under section 1 year into one or more general asse Section B - Assets  (a) Classification of property 9a 3-year property b 5-year property c 7-year property d 10-year property   | ced in service in tax yes<br>168(i)(4) to group any a<br>at accounts, check here<br>Placed in Service<br>(b) Month and<br>year placed in  | Section A ars beginning before 2002 ssets placed in service du  During 2002 Tax Ye (c) Basis for depreciation (business/investment use   | ring the tax ear Using   | . ▶ ☐                                 | Depreciati  | on System  |
| 7 MACRS deductions for assets plas 8 If you are electing under section 1 year into one or more general asse Section B - Assets  (a) Classification of property 9a 3-year property b 5-year property c 7-year property d 10-year property e 15-year property   | ced in service in tax yes<br>168(i)(4) to group any a<br>at accounts, check here<br>Placed in Service<br>(b) Month and<br>year placed in  | Section A ars beginning before 2002 ssets placed in service du  During 2002 Tax Ye (c) Basis for depreciation (business/investment use   | ring the tax ear Using (d) Recovery period  25 yrs.  | the General I                         | Depreciati (f) Method                             | on System  |
| 7 MACRS deductions for assets plas 8 If you are electing under section 1 year into one or more general asse Section B - Assets  (a) Classification of property 9a 3-year property b 5-year property c 7-year property d 10-year property f 20-year property   | ced in service in tax yes<br>168(i)(4) to group any a<br>at accounts, check here<br>Placed in Service<br>(b) Month and<br>year placed in  | Section A ars beginning before 2002 ssets placed in service du  During 2002 Tax Ye (c) Basis for depreciation (business/investment use   | ear Using the tax  (d) Recovery period  25 yrs.  27.5 yrs.   | the General I                         | Depreciati  | on System  |
| 7 MACRS deductions for assets plas 8 If you are electing under section 1 year into one or more general asse Section B - Assets  (a) Classification of property  9a 3-year property  b 5-year property  c 7-year property  d 10-year property  e 15-year property  f 20-year property  g 25-year property  | ced in service in tax yes<br>168(i)(4) to group any a<br>at accounts, check here<br>Placed in Service<br>(b) Month and<br>year placed in  | Section A ars beginning before 2002 ssets placed in service du  During 2002 Tax Ye (c) Basis for depreciation (business/investment use   | ring the tax ear Using (d) Recovery period  25 yrs.  | the General I                         | Depreciati (f) Method                             | on System  |
| 7 MACRS deductions for assets plas 8 If you are electing under section 1 year into one or more general asse Section B - Assets  (a) Glassification of property  9 a 3-year property  5 5-year property  c 7-year property  d 10-year property  e 15-year property  f 20-year property  g 25-year property  h Residential rental   | ced in service in tax yes<br>168(i)(4) to group any a<br>at accounts, check here<br>Placed in Service<br>(b) Month and<br>year placed in  | Section A ars beginning before 2002 ssets placed in service du  During 2002 Tax Ye (c) Basis for depreciation (business/investment use   | ear Using the tax  (d) Recovery period  25 yrs.  27.5 yrs.   | the General I                         | Oepreciati (f) Method  S/L S/L                    | on System  |
| 7 MACRS deductions for assets plas 8 If you are electing under section 1 year into one or more general asse Section B - Assets  (a) Classification of property  9 a 3-year property  b 5-year property  c 7-year property  d 10-year property  e 15-year property  f 20-year property  g 25-year property  h Residential rental property  i Nonresidential real property  | ced in service in tax yes 168(i)(4) to group any a at accounts, check here Placed in Service  (b) Month and year placed in service  | Section A ars beginning before 2002 ssets placed in service du Section Service du During 2002 Tax Ye (c) Basis for deprecistion (business/investment use only - see instructions)  | cring the tax  Par Using 1  (d) Recovery period  25 yrs.  27.5 yrs.  27.5 yrs.  39 yrs.                      | M M M M M M M M M                     | S/L S/L S/L S/L S/L                               | On System (g) Depreciation deduction             |
| 7 MACRS deductions for assets plas 8 If you are electing under section 1 year into one or more general asset Section B - Assets  (a) Classification of property  b 5-year property c 7-year property d 10-year property e 15-year property f 20-year property g 25-year property h Residential rental property i Nonresidential real  | ced in service in tax yes 168(i)(4) to group any a at accounts, check here Placed in Service  (b) Month and year placed in service  | Section A ars beginning before 2002 ssets placed in service du Section Service du During 2002 Tax Ye (c) Basis for deprecistion (business/investment use only - see instructions)  | cring the tax  Par Using 1  (d) Recovery period  25 yrs.  27.5 yrs.  27.5 yrs.  39 yrs.                      | M M M M M M M M M                     | S/L S/L S/L S/L S/L                               | On System (g) Depreciation deduction             |
| 7 MACRS deductions for assets plas 8 If you are electing under section 1 year into one or more general asse Section B - Assets  (a) Classification of property  9 a 3-year property  b 5-year property  c 7-year property  d 10-year property  e 15-year property  f 20-year property  g 25-year property  h Residential rental property  i Nonresidential real property  Section C - Assets Pla  | ced in service in tax yes 168(i)(4) to group any a at accounts, check here Placed in Service  (b) Month and year placed in service  | Section A ars beginning before 2002 ssets placed in service du Section Service du During 2002 Tax Ye (c) Basis for deprecistion (business/investment use only - see instructions)  | cring the tax  Par Using 1  (d) Recovery period  25 yrs.  27.5 yrs.  27.5 yrs.  39 yrs.                      | M M M M M M M M M                     | S/L S/L S/L S/L S/L                               | On System (g) Depreciation deductio              |
| 7 MACRS deductions for assets plas 8 If you are electing under section 1 year into one or more general asse Section B - Assets  (a) Classification of property  9 a 3-year property  b 5-year property  c 7-year property  d 10-year property  e 15-year property  f 20-year property  g 25-year property  h Residential rental property  i Nonresidential real property  Section C - Assets Pla  | ced in service in tax yes 168(i)(4) to group any a at accounts, check here Placed in Service  (b) Month and year placed in service  | Section A ars beginning before 2002 ssets placed in service du Section Service du During 2002 Tax Ye (c) Basis for deprecistion (business/investment use only - see instructions)  | cring the tax  Par Using 1  (d) Recovery period  25 yrs.  27.5 yrs.  27.5 yrs.  39 yrs.                      | M M M M M M M M M                     | S/L S/L S/L S/L Depreciati                        | On System (g) Depreciation deductio              |
| 7 MACRS deductions for assets plas 8 If you are electing under section 1 year into one or more general asse Section B - Assets  (a) Classification of property  3 3-year property  5 5-year property  4 10-year property  1 20-year property  7 20-year property  Residential rental property  Nonresidential real property  Section C - Assets Pla  Da Class life  | ced in service in tax yes 168(i)(4) to group any a at accounts, check here Placed in Service  (b) Month and year placed in service  | Section A ars beginning before 2002 ssets placed in service du Section Service du During 2002 Tax Ye (c) Basis for deprecistion (business/investment use only - see instructions)  | car Using the tax  Par Using the tax  (d) Recovery period  25 yrs.  27.5 yrs.  27.5 yrs.  39 yrs.  Using the | M M M M M M M M M                     | S/L S/L S/L S/L S/L S/L S/L S/L S/L S/L           | On System (g) Depreciation deduction             |
| 7 MACRS deductions for assets plas 8 If you are electing under section 1 year into one or more general asse Section B - Assets  (a) Classification of property  9a 3-year property  b 5-year property  c 7-year property  d 10-year property  f 20-year property  f 20-year property  h Residential rental property  i Nonresidential real property  Section C - Assets Plate  12-year  c 40-year   | ced in service in tax yes 158(i)(4) to group any a 15t accounts, check here Placed in Service (b) Month and year placed in service  | Section A ars beginning before 2002 ssets placed in service du During 2002 Tax Ye (c) Basis for depreciation (business/investment use only - see instructions)   | 25 yrs. 27.5 yrs. 39 yrs. Using the  | M M M M M M M M M M M M M M M M M M M | S/L S/L S/L S/L S/L S/L S/L S/L S/L S/L           | On System (g) Depreciation deduction             |
| 7 MACRS deductions for assets plas 8 If you are electing under section 1 year into one or more general asset Section B - Assets  (a) Classification of property  9a 3-year property b 5-year property c 7-year property d 10-year property e 15-year property f 20-year property g 25-year property h Residential rental property i Nonresidential real property Section C - Assets Plate 12-year C 40-year Part IV Summary (see page   | ced in service in tax yes 168(i)(4) to group any a at accounts, check here Placed in Service  (b) Month and year placed in service  aced in Service Di 6 of the instructions  | Section A ars beginning before 2002 ssets placed in service du ssets placed in service du During 2002 Tax Ye (c) Basis for deprecistion (business/investment use only - see instructions)  uring 2002 Tax Year   | 25 yrs. 27.5 yrs. 27.5 yrs. 39 yrs. Using the  | M M M M M M M M M M M M M M M M M M M | S/L S/L S/L S/L S/L S/L S/L S/L S/L S/L           | On System (g) Depreciation deduction             |
| 7 MACRS deductions for assets plas 8 If you are electing under section 1 year into one or more general asset Section B - Assets  (a) Classification of property  9a 3-year property b 5-year property c 7-year property d 10-year property f 20-year property g 25-year property h Residential rental property i Nonresidential real property Section C - Assets Plate 12-year c 40-year Part IV Summary (see page 121 Listed property. Enter amount from   | ced in service in tax yes 168(i)(4) to group any a at accounts, check here Placed in Service  (b) Month and year placed in service  aced in Service Di 6 of the instructions in line 28   | Section A ars beginning before 2002 ssets placed in service du ssets placed in service du During 2002 Tax Ye (c) Basis for deprecistion (business/investment use only - see instructions)  uring 2002 Tax Year   | 25 yrs. 27.5 yrs. 27.5 yrs. 39 yrs. Using the  | M M M M M M M M M M M M M M M M M M M | S/L S/L S/L S/L S/L S/L S/L S/L S/L S/L           | On System (g) Depreciation deduction             |
| 7 MACRS deductions for assets plas 8 If you are electing under section 1 year into one or more general asset Section B - Assets  (a) Classification of property  9a 3-year property b 5-year property c 7-year property d 10-year property e 15-year property f 20-year property f 20-year property h Residential rental property i Nonresidential real property Section C - Assets Plate Da Class life b 12-year c 40-year Part IV Summary (see page 1) Listed property. Enter amount from 12. Total. Add amounts from line 12.                        | ced in service in tax yes 168(i)(4) to group any a st accounts, check here Placed in Service  (b) Month and year placed in service  aced in Service Di 6 of the instructions n line 28 lines 14 through 17, line  | Section A ars beginning before 2002 ssets placed in service du Section A ars beginning before 2002 ssets placed in service du Section A ars beginning 2002 Tax Ye (c) Basis for deprecistion (business/investment use only - see instructions)  uring 2002 Tax Year (c) Basis for deprecistion (business/investment use only - see instructions)   | 25 yrs. 27.5 yrs. 27.5 yrs. 27.5 yrs. 40 yrs.  | M M M M M M M M M M M M M M M M M M M | S/L S/L S/L S/L S/L S/L S/L S/L S/L S/L           | On System (g) Depreciation deduction             |
| 7 MACRS deductions for assets plas 8 If you are electing under section 1 year into one or more general asset Section B - Assets  (a) Classification of property  9a 3-year property b 5-year property c 7-year property d 10-year property e 15-year property f 20-year property f 20-year property f 20-year property it Residential rental property it Nonresidential real property Section C - Assets Plate Da Class life b 12-year c 40-year Part IV Summary (see page 12) Listed property. Enter amount from 12. Enter here and on the appropriate | ced in service in tax yes 168(i)(4) to group any a at accounts, check here Placed in Service  (b) Month and year placed in service  acced in Service Du  for the instructions in line 28 lines 14 through 17, line in lines of your return. Pa                      | Section A ars beginning before 2002 ssets placed in service du ssets placed in service du  During 2002 Tax Ye (c) Basis for deprecistion (business/knyes/ment use only - see instructions)  uring 2002 Tax Year  s)  nes 19 and 20 in column rinerships and S corporati  | 25 yrs. 27.5 yrs. 27.5 yrs. 27.5 yrs. 40 yrs.  | M M M M M M M M M M M M M M M M M M M | S/L S/L S/L S/L S/L S/L S/L S/L S/L S/L           | On System (g) Depreciation deductio              |
| 7 MACRS deductions for assets plas 8 If you are electing under section 1 year into one or more general asset Section B - Assets  (a) Glassification of property  9a 3-year property b 5-year property c 7-year property d 10-year property e 15-year property f 20-year property f 20-year property h Residential rental property i Nonresidential real property Section C - Assets Plate 12-year c 40-year Part IV Summary (see page 121 Listed property. Enter amount from 122 Total. Add amounts from line 12.                                       | ced in service in tax yes 168(i)(4) to group any a at accounts, check here Placed in Service  (b) Month and year placed in service  acced in Service Di acced in Service Di line 28 Ilines 14 through 17, line in lines of your return. Pa ed in service during the | Section A ars beginning before 2002 ssets placed in service du ssets placed in service du  During 2002 Tax Ye (c) Basis for deprecistion (business/investment use only - see instructions)  uring 2002 Tax Year  aring 2002 Tax Year control of the service of the se | 25 yrs. 27.5 yrs. 27.5 yrs. 27.5 yrs. 40 yrs. (g), and line 2  | M M M M M M M M M M M M M M M M M M M | S/L S/L S/L S/L S/L S/L S/L S/L S/L S/L           | on System  (g) Depreciation deduction  on System |

| ep       | 21 04 03:  | 08p M S                               | C Tra  | din       | 5                                       |   |  |          | (203)                                   | 43           | 8-118                        | 35   |                          | p.   | 7                               |
|----------|--|---------------------------------------|--|-----------|---|---|--|----------|---|--------------|------------------------------|--|--------------------------|--|---------------------------------|
|          | <u>, , , , , , , , , , , , , , , , , , , </u>    |                                       | \$5.1. J                                     |           |   |   |  |          | 7                                       | . A          |                              |  |                          |  |                                 |
|          | •  | ENERGY M                              | ERCHAN                                       | T IN      | VEST                                    | ORS                                     | FUND   | LL       | iC                                      |              |                              | 13-4   | 1468                     | 385  |                                 |
|          | 1 4562 (2002)                                    | perty (Include                        | automobi                                     | les c     | ertain                                  | other                                   | vehicl   | 95 0     | allular                                 | elenh        | ones                         | remair   | ) com                    | outers   | Page                            |
| re       |  | ised for enterta                      |  |           |   |   |  |          | cilulai                                 | rerepi i     | ones,                        | CCI IDII   |                          | pucci  | , and                           |
|          | Note: For an                                     | ry vehicle for which                  | you are us                                   | ing the   | stander                                 | d milet                                 | ge rate  | or de    | ducting le                              | ease ex      | pense, d                     | omplete  | e only                   |  |                                 |
|          | 24a, 24b, co                                     | lumns (a) through                     | (c) of Section                               | n A, al   | l of Sec                                | tion B.                                 | and Sec  | tion C   | if applic                               | able.        |                              |  | ·                        |  |                                 |
| -        | tion A - Depreciati                              |                                       |  |           |   |   |  |          |   |              |                              |  |                          |  |                                 |
| 24a      | Do you have evidenc                              | e to support the bus                  | iness/investm                                | ent use   | claimed?                                | ٧ إــــــــــــــــــــــــــــــــــــ | es   | No       | 24b     "                               | Yes, is      | the evide                    | nce writt  | en?                      | Yes  | No                              |
|          | (a)<br>Type of property (list<br>vehicles first) | (b)<br>Date placed in<br>service      | Business/<br>investment<br>use<br>percentage | Co        | (d)<br>ost or other<br>basis            |   | (e)<br>isis for depri<br>usinoss/inve<br>iusa only | Siment   | (f)<br>Recovery<br>period               | Me           | (g)<br>thod/<br>renbon       | Depre  | h)<br>ectation<br>action | secti  | (I)<br>ected<br>ion 179<br>:ost |
| 25       | Special depreciation                             | allowance for qualifi                 | L  | erty ob   | aced in s                               | endoe d                                 |  |          | L                                       | 1            | 1                            | <del>                                     </del> |                          | 1.5.   |                                 |
| 20       | year and used more                               |                                       |  |           |   |   |  |          |   |              | . 25                         | <u> </u>   |                          |  |                                 |
| 26       |  |                                       |  |           |   |   |  |          | <del></del>                             |              |                              |  |                          | <del></del>                                      |                                 |
|          |  | T .                                   | •  | *         | *************************************** |   | <del></del>  |          | <u> </u>                                | 1            |                              |  |                          | T  |                                 |
|          |  |                                       |  | *         | <del></del>                             |   |  |          |   | 1            |                              |  |                          | 1  |                                 |
|          |  |                                       |  | ×         |   |   |  |          |   |              |                              |  |                          |  |                                 |
| 27       | Property used 50% o                              | r less in a qualified b               | usiness use (s                               | see pag   | e 7 of the                              | instruc                                 | tions):  |          |   |              |                              | i i i i i i i i i i i i i i i i i i i            |                          |  | 1 2 2 2 2 2                     |
|          |  |                                       |  | <b>X</b>  | 3.                                      |   |  |          |   | S/L-         |                              |  |                          |  | 4413                            |
|          |  |                                       | d  | *         |   |   |  |          |   | S/L-         |                              |  |                          | litin-   | • • • •                         |
|          |  |                                       | ,  | <u> </u>  |   | L_                                      | · · · · · ·  |          |   | sn.          |                              |  |                          | 11.7   |                                 |
| 28       | Add amounts in colu                              | • •                                   | _  |           |   |   |  |          |   |              | 28                           |  | <del>_,</del>            |  |                                 |
| 29       | Add amounts in colu                              | mn (i), line 26. Enter                | <del></del>                                  |           |   |   |  |          |   | <del></del>  | <del></del>                  | • • • •  | . 29                     | <u> </u>   |                                 |
|          |  |                                       |  |           |   |   | on Use o   |          |   |              |                              |  |                          |  |                                 |
|          | nplete this section for                          |                                       |  |           |   |   |  |          |   |              |                              |  | 45                       |  |                                 |
|          | u provided vehicles to                           |                                       |  |           |   |   |  | r you n  |   |              |                              |  |                          | T  |                                 |
| 30       | Total business/investment miles driven during    |                                       | - 1  |           | a)<br>ide 1                             |   | (b) (c)<br>Vehicle 2 Vehicle 3                     |          |   | ľ            | d)<br>icle 4                 | Vehi   | e)<br>clo 5              | į  | (f)<br>icle 6                   |
|          | the year (do not incluse page 2 of the ins       | •                                     | · }  |           |   |   | TOIG L   |          | There o                                 | 1            | 10.0 4                       | 10   |                          | 100  |                                 |
| 24       |  |                                       |  |           |   |   |  |          |   |              |                              |  | <del></del>              | <del> </del>                                     |                                 |
| 31<br>32 | <del>-</del>                                     |                                       | ear · · · ·                                  |           |   |   |  |          |   | <del> </del> |                              |  |                          | <del> </del>                                     |                                 |
| 32       | miles driven                                     | (noticontanding)                      | 1  |           |   |   |  | 1        |   |              |                              | 1  |                          | 1  |                                 |
| 33       | Total miles driven du                            | ring the year.                        | • • • • • • •                                |           |   |   | ·-··   |          |   |              |                              |  | ·····                    | 1  |                                 |
|          | Add lines 30 through                             |                                       | l  |           |   |   |  | ļ        |   |              |                              |  |                          | <u> </u>   |                                 |
| 34       | Was the vehicle avai                             |                                       |  | Yes       | No ¿                                    | Yes                                     | No   | Yes      | No                                      | Yes          | No                           | Yes  | No                       | Yes  | No                              |
|          | use during off-duty ha                           | urs?                                  |  |           |   |   |  |          |   |              |                              |  |                          |  |                                 |
| 35       | Was the vehicle used                             | d primarily by a                      |  |           |   |   | }  |          | 1                                       | Ì            | <b>i</b> i                   |  |                          | ł  | 1                               |
|          | more than 5% owner                               | or related person?                    |  |           |   |   |  |          |   |              |                              |  | <del></del>              | <b> </b>   |                                 |
| 36       | Is another vehicle av                            | allable for                           |  |           |   |   | }  |          | 1                                       | 1            | 1 1                          | - 1  |                          | 1  | 1                               |
|          | personal use?                                    | · · · · · · · · · · · · · · · · · · · | <u> l</u>                                    |           | 1                                       | L                                       | <u> </u>   | L        |   | <u> </u>     |                              | 1  |                          | <u> </u>   | <u> </u>                        |
|          |  | Section C - Que                       |  |           |   |   |  |          |   |              |                              |  |                          |  |                                 |
|          | wer these question                               |                                       |  |           |   |   |  | tion B   | for vehic                               | des use      | ed by en                     | nployee  | s who                    |  |                                 |
| are      | not more than 5%                                 | owners or related                     | persons (se                                  | e page    | e 8 of the                              | e instru                                | ctions).   |          | ··········                              |              |                              |  |                          | ·  | T                               |
| 37       | Do you maintain a w                              |                                       |  |           |   |   |  |          |   |              |                              |  |                          | Yes  | No                              |
| 38       | by your employees?  Do you maintain a W          | ritten policy stateme                 |  | its ners  | onal use                                | of veh                                  | idae ava   | ant con  | r                                       |              | nniovee:                     |  | - • •                    | <del> </del>                                     | <del> </del>                    |
| ••       | See page 8 of the in:                            |                                       |  |           |   |   |  | -        | _                                       | y you, a.    | , description                | •  |                          |  | İ                               |
| 39       |  |                                       |  | -         |   |   | , 01, 1 70 0                                       | ,        | • |              |                              |  | • • •                    |  |                                 |
| 40       | · .  | - · ·                                 | ·  |           | tain info                               | rmation                                 | from you   | emplo    | vees abou                               | <br>t        |                              |  | • • •                    | <del>                                     </del> |                                 |
| •        | the use of the vehicle                           |                                       |  |           |   |   | , ,  |          |   |              |                              |  |                          |  | Į                               |
| 41       |  |                                       |  | •         | ile demor                               | stration                                | use? (So   | e bade   | 9 of the i                              | nstructio    | ns.)                         |  | • • •                    |  | <del></del>                     |
| •••      | Note: If your answer                             |                                       |  |           |   |   |  |          |   |              |                              |  |                          |  |                                 |
| p        | rt VI Amortizat                                  | ion                                   | <u> </u>                                     |           |   |   |  |          |   |              |                              |  |                          |  | <u> </u>                        |
|          |  | · · · · · · · · · · · · · · · · · · · | (%)  |           | T                                       |   | ·  |          |   |              | (e)                          |  |                          |  |                                 |
|          | (a)<br>Description                               | of costs                              | (b) Date amorti begins                       | -         |   | (c)<br>Amortiz<br>amou                  | able   |          | (d)<br>Code<br>sectio                   | 1            | Amortiz<br>period<br>percent | or   |                          | (f)<br>dization<br>his year                      | for                             |
| 42       | Amortization of costs                            | s that begins during                  | your 2002 tax                                | year (s   | see page                                | 9 of the                                | instruction  | ns):     |   |              |                              |  |                          |  |                                 |
|          |  |                                       |  |           |   |   |  |          |   |              |                              |  |                          |  |                                 |
|          |  |                                       |  |           |   |   |  |          |   |              |                              |  |                          |  |                                 |
| 43       | Amortization of cost                             | s that began before y                 | our 2002 tax                                 | year      | • • • •                                 |   |  |          | • • • • •                               |              |                              | 43   |                          | 12,  | 000.                            |
| 44       | Total. Add amounts                               | in column (f). See pa                 | ge 9 of the in                               | rstructio | ns for w                                | nere to r                               | eport .  | <u> </u> |   | بيبين        | [                            | 44   |                          | 12,  | 000.                            |

ts Retired

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|  | •                  |                   |                   |   |               |                                       |   |             |          |  |  |  |
|--|--------------------|-------------------|-------------------|---|---------------|---------------------------------------|---|-------------|----------|--|--|--|
| Form 1065 U.S. Return of Partnership Income                            |                    |                   |                   |   |               |                                       |   |             |          | OMB No. 1545-0099                      |  |  |
| •  |                    | 1                 | For               | calendar year 2003, or tax year beginning                       | 1             | , and                                 | d ending                                |             |          | 2003                                   |  |  |
| Department o   | of the T<br>nue Se | reasury<br>ervice |                   | ► See sep   |               |                                       |   |             | •        | 2003                                   |  |  |
| A Principal  |                    |                   |                   | Name of partnership   |               |                                       |   | DE          | mploy    | er identification number               |  |  |
|  |                    | ,                 | Use the           |   |               |                                       |   | 1           |          |  |  |  |
| HEDO   | GE :               | FUND              | IRS<br>label.     | ENERGY MERCHANT IN  | VESTOR        | RS FUN                                | D, LLC                                  | ) 1         | .3 - 4   | 146885                                 |  |  |
|  |                    | ct or service     | Other-            | Number, street, and room or suite no. If a P.                   |               |                                       |   |             |          | siness started                         |  |  |
| -  | •                  | ITIES             | wise,             | 369 FLORIDA HILL R  |               |                                       |   |             |          | 01/01                                  |  |  |
| C Business   |                    |                   | print<br>or type. | City or town, state, and ZIP code                               | <del></del>   |                                       | <del></del>                             | FI          |          | sets (see page 14 of actions)          |  |  |
| 5259   |                    | i di i bol        | or type.          | RIDGEFIELD  | Citr          | 06877                                 |   | s           | e instru | octions)                               |  |  |
|  |                    | <del></del>       | \                 |   |               |                                       | <del></del>                             | 1_¥         |          |  |  |  |
| G Checks   | annlic:            | able hoves:       | (1)               | Initial return (2) X Final return (3                            | 3) Na         | me change                             | (4) X Addres                            | s change    | <u> </u> | Amended return                         |  |  |
|  |                    | nting metho       |                   |   |               | (3)                                   |   |             |          | <del></del>                            |  |  |
|  |                    | -                 |                   | one for each person who was a partner                           |               | • •                                   |   | .,,,        |          |  |  |  |
| Number   | 0,00               | aleddies iv       | - I. Allauii      | one for each person who was a partier                           | at any unic   | during the                            | tax year                                | •           |          | ······································ |  |  |
|  |                    |                   |                   |   |               |                                       |   |             |          |  |  |  |
| Caution: Inc   | clude              | only trade        | or busines        | ss income and expenses on lines 1a thro                         | ugh 22 bei    | ow. See the                           | e instructions for                      | more in     | formati  | ion.                                   |  |  |
|  | T                  |                   |                   |   |               | 1 1                                   | <del></del>                             |             | 1        |  |  |  |
|  | 12                 | Gross reco        | ainte or eal      | los   |               | 12                                    |   |             |          |  |  |  |
|  |                    |                   |                   | les<br>owances  |               | 1b                                    |   |             | 1c       |  |  |  |
|  | ٦,                 | ress temi         | iis ailu ailu     | wances  |               |                                       |   |             | 1-16     | <del> </del>                           |  |  |
|  | 2                  | Cost of ac        | ode eald (        | Schedule A line 8)  |               |                                       |   |             | 2        |  |  |  |
|  | 3                  | Green proj        | fit Subtrac       | Schedule A, line 8)   |               | · · · · · · · · · · · · · · · ·       | • | • • • • •   | 3        |  |  |  |
| ncome  | Ι.                 | Ordinancia        | ne Subilde        | ct line 2 from line 1css) from other partnerships, estates, and |               | ob och l                              |   |             |          | <del> </del>                           |  |  |
|  | 4                  |                   |                   |   |               |                                       |   |             | 5        | <del> </del>                           |  |  |
|  | 5                  | Net larm p        | ) (1055)          | (attach Schedule F (Form 1040))                                 |               | · · · · · · · · · · · · · · · · · · · |   |             | 6        | <u></u>                                |  |  |
|  | 6                  | ivet gain (i      | oss) from         | Form 4797, Part II, line 18                                     |               |                                       |   | • • • • • • | -        |  |  |  |
|  | _                  | O#==:===          | (1)               | (attack askadula)   |               |                                       |   |             | _        |  |  |  |
|  | 7                  | Other Inco        | me (loss)         | (attach schedule)   |               |                                       |   |             | 7        |  |  |  |
|  |                    | <b>-</b> 4-4-     |                   | On-this Same 2 through 7  |               |                                       |   |             |          |  |  |  |
|  | 8                  | I otal inco       | me (loss).        | . Combine lines 3 through 7                                     |               | <del> </del>                          | <del> </del>                            |             | 8        |  |  |  |
|  |                    | 0-1               |                   | (athers there to neglectory) (lease complete man                |               | •                                     |   |             |          | }                                      |  |  |
|  | 9                  |                   |                   | (other than to partners) (less employment                       |               |                                       |   |             | 9        | <u></u>                                |  |  |
|  | 10                 |                   |                   | its to partners   |               |                                       |   |             | 10       | <del> </del>                           |  |  |
|  | 11                 |                   |                   | nance   |               |                                       |   |             | 11       |  |  |  |
|  | 12                 |                   |                   |   |               |                                       |   |             | 12       | <del></del>                            |  |  |
|  | 13                 |                   |                   |   |               |                                       |   |             | 13       |  |  |  |
| Deductions   | 14                 | Taxes and         |                   |   | :             |                                       |   |             | 14       |  |  |  |
| see page 15  |                    |                   |                   |   |               |                                       |   |             | 15       |  |  |  |
| f the  |                    |                   |                   | ired, attach Form 4562)   |               |                                       |   |             |          |  |  |  |
| estructions  | b                  |                   |                   | ported on Schedule A and elsewhere on                           |               |                                       | · · · · · · · · · · · · · · · · · · ·   |             | 16c      |  |  |  |
| w limitations)   | 17                 |                   |                   | educt oil and gas depletion.)                                   |               |                                       |   |             | 17       |  |  |  |
|  | 18                 | Retiremen         | it plans, etc     | c.  |               |                                       |   |             | 18       |  |  |  |
|  | 19                 | Employee          | benefit pro       | ograms  |               |                                       |   |             | 19       |  |  |  |
|  |                    |                   |                   | •   |               |                                       |   |             |          |  |  |  |
|  | 20                 | Other ded         | uctions (at       | ttach schedule)   |               |                                       |   |             | 20       | :                                      |  |  |
|  | l                  |                   |                   | •   |               |                                       |   |             |          |  |  |  |
|  | 21                 | Total ded         | uctions. A        | dd the amounts shown in the far right co                        | olumn for lin | es 9 throug                           | gh 20                                   | <u> </u>    | 21       |  |  |  |
|  |                    |                   |                   |   |               |                                       |   |             |          |  |  |  |
|  | 22                 |                   |                   | oss) from trade or business activities. Su                      |               |                                       |   |             | 22       |  |  |  |
|  | - 1                |                   | • •               | ury, I declare that I have examined this return, in             |               |                                       |   | •           |          | , ,                                    |  |  |
|  | - 1                | and belief, it    | t is true, corr   | rect, and complete. Declaration of preparer (oth                | ner than gene | eral partner o                        | r limited liability con                 | ipany me    | mber) is | s based on all                         |  |  |
| ign  | - 1                | information       | of which pre      | eparer has any knowledge.                                       |               |                                       |   |             | May the  | e IRS discuss this return              |  |  |
| ere  | - (                |                   |                   | CLIENTIC CODV   |               |                                       |   | - 1         | with the | e preparer shown below (see            |  |  |
|  | - 1                | -                 |                   | ULIENI O UUPI   |               |                                       | <b>-</b>                                | L           | instruct | tions)? X Yes No                       |  |  |
|  |                    | Signatu           | re of genera      | al partner or limited liability company member                  |               |                                       | Date                                    |             |          |  |  |  |
|  |                    | Preparer's        |                   |   | Dat           |                                       | Check if                                |             | Pr       | eparer's SSN or PTIN                   |  |  |
| ıid  | - 1                | signature         |                   |   |               | 1/25/0                                | )6 self-employed                        | <b>▶</b>    |          | 00319104                               |  |  |
| eparer's Firm's name (or yours JEFFERSON, URIAN, DOANE & STERNER, P.A. |                    |                   |                   |   |               |                                       |   | EIN >       |          |  |  |  |
| e Only   |                    | if self-emplo     |                   | PO BOX 477  |               |                                       |   |             | Phone    |  |  |  |
|  |                    | address, an       | •                 | OCEAN VIEW, DE  |               | 1997                                  | 0-0477                                  | 1           | no.      | 302-539-5543                           |  |  |
|  |                    |                   |                   |   |               |                                       |   |             |          |  |  |  |

| Forr       | n 1065 (2003) ENERGY MERCHANT INVESTORS FUND, LLC13-4146885  |          | Page 2   |
|------------|--|----------|----------|
| S          | chedule A Cost of Goods Sold (see page 18 of the instructions)   |          |          |
| 1          | Inventory at beginning of year 1   | <u> </u> |          |
| 2          | Purchases less cost of items withdrawn for personal use  |          |          |
| 3          | Cost of labor  |          |          |
| 4          | Additional section 263A costs (attach schedule)  |          |          |
| 5          | Other costs (attach schedule) 5  |          |          |
| 6          | Total. Add lines 1 through 5   |          |          |
| 7          | Inventory at end of year   |          |          |
| 8          | Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2                                    |          |          |
| 9a         | Check all methods used for valuing closing inventory:  |          |          |
|            | (I) Cost as described in Regulations section 1.471-3   |          |          |
|            | (ii) Lower of cost or market as described in Regulations section 1.471-4   |          |          |
|            | (III) ☐ Other (specify method used and attach explanation) ▶   |          |          |
| b          | Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c)          |          |          |
| C          | Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)    | · 🗍      |          |
| d          | Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership?  Yes           | П        | No       |
| e          | Was there any change in determining quantities, cost, or valuations between opening and closing inventory?           | П        | No       |
|            | If "Yes," attach explanation.  |          |          |
| Sc         | chedule B Other Information  |          |          |
| 1          | What type of entity is filing this return? Check the applicable box:   | Yes      | No       |
| a          | Domestic general partnership b Domestic limited partnership  |          |          |
| c          | Domestic limited liability company d Domestic limited liability partnership  |          |          |
| e          | ☐ Foreign partnership f ☐ Other ▶  | }        |          |
| 2          | Are any partners in this partnership also partnerships?  | L        | X        |
| 3          | During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign     |          |          |
|            | entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and           |          |          |
|            | 301.7701-37 If yes, see instructions for required attachment   |          | X        |
| 4          | Is this partnership subject to the consolidated audit procedures of sections 6221 through 6233? If "Yes," see        |          |          |
|            | Designation of Tax Matters Partner below   | ļ        | X        |
| 5          | Does this partnership meet all three of the following requirements?  |          | j        |
| a          | The partnership's total receipts for the tax year were less than \$250,000;  |          |          |
| b          | The partnership's total assets at the end of the tax year were less than \$600,000; and                              | 1        |          |
| C          | Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including           |          | <b>'</b> |
|            | extensions) for the partnership return.  |          |          |
|            | If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065;      |          |          |
|            | or Item J on Schedule K-1  | X        |          |
| 6          | Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805         |          |          |
|            | and 8813. See page 20 of the instructions  |          | X        |
| 7          | Is this partnership a publicly traded partnership as defined in section 469(k)(2)?                                   |          | X        |
| 8          | Has this partnership filed, or is it required to file, Form 8264, Application for Registration of a Tax Shelter?     |          | X        |
| 8          | At any time during calendar year 2003, did the partnership have an interest in or a signature or other authority     | 1        |          |
|            | over a financial account in a foreign country (such as a bank account, securities account, or other financial        |          |          |
|            | account)? See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes,"    |          |          |
|            | enter the name of the foreign country.   |          | X        |
| 10         | During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a  |          |          |
|            | foreign trust? If "Yes," the partnership may have to file Form 3520. See page 20 of the instructions                 |          | <u>X</u> |
| 11         | Was there a distribution of property or a transfer (e.g., by sale or death) of a partnership interest during the tax | 1        |          |
|            | year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by attaching the     |          |          |
|            | statement described under Elections Made By the Partnership on page 9 of the instructions                            | ļ        | X        |
| 12         | Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached        |          |          |
|            | to this return   |          | L        |
| <b>Des</b> | ignation of Tax Matters Partner (see page 20 of the instructions)  |          |          |
| Ente       | r below the general partner designated as the tax matters partner (TMP) for the tax year of this return:             |          |          |
|            | $\cdot$  |          |          |
| lam        |  |          |          |
| esig       | nated TMP MICHAEL S CORNISH number of TMP 101-   | 8-5      | 760      |
| ddr        | ess of 369 FLORIDA HILL RD   |          |          |
| esiç       | nated TMP RIDGEFIELD CT 06877  |          |          |

23

Distributions of property other than money

AΑ

Other items and amounts required to be reported separately to partners (attach schedule) .....

66,288,000 9

Add lines 1 through 4

Balance at end of year. Subtract line 8 from line 5

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#### **SCHEDULE K-1** (Form 1065)

# Partner's Share of Income, Credits, Deductions, etc. See separate instructions

P257 OMB No. 1545-0099

Dept. of the Treasury Internal Revenue Service Partner #: 1

For calendar year 2003 or tax year beginning

2003

| Pa         | rtner's identifying numb   | per: 101-58-5760                           | )   | FOR OFFICIAL USE ONLY |          |                                   |  |  |  |
|------------|--|--|---|-----------------------|----------|-----------------------------------|--|--|--|
| <b>м</b> і | Partner's name, address, and ZIP code: IICHABL S CORNISH  69 FLORIDA HILL RD IIDGEFIELD CT 06877 |  |   |                       |          |                                   |  |  |  |
| Par        | tnership's identifying nur   | nber: 13-4146885                           |   | ]                     |          |                                   |  |  |  |
| Par        | tnership's name, address   | s, and ZIP code:                           |   | ]                     |          |                                   |  |  |  |
| 36         | ERGY MERCHANT IN<br>9 FLORIDA HILL RI<br>DGEFIELD  | VESTORS FUND, LLC<br>O<br>CT 06877         |   |                       |          |                                   |  |  |  |
| A          |  | eneral partner                             | partner   |                       |          | are of liabilities (see ins       | •  |  |  |
|            | limited liability comp   | •  | INDIVIDUAL                                      |                       |          | e<br>nrecourse financing          |  |  |  |
| B<br>C     | What type of entity is the list his partner a  | is partner?<br>omestic or a     foreign pa |   |                       |          | inrecourse mnancing               | •  |  |  |
|            |  | (i) Before change                          | (ii) End of                                     | İ                     |          |                                   | ·  |  |  |
| Đ          | Enter partner's percenta   | or termination<br>age of:                  | year  | G Tax                 | sheiter  | registration number               | ••••••   |  |  |
| -          | Profit sharing   | %  | 96.100200%                                      |                       |          | if this partnership is a p        |  |  |  |
|            | Loss sharing   |  | 96.100200%<br>96.100200%                        | part                  | nership  | as defined in section 46          | 59(k)(2)   |  |  |
| Е          | Ownership of capital IRS Center where partn  | •    | 96.100200%                                      | I Che                 | ck appli | cable boxes: (1)                  | Final K-1 (2) Amended K-1  |  |  |
|            | CINCINNATI, O  |  |   |                       |          |                                   | (2, 2,   |  |  |
| J          | Analysis of partner's of   | capital account:                           |   |                       |          |                                   |  |  |  |
|            | (a) Capital account at beginning of year   | (b) Capital contributed during year        | (c) Partner's sh<br>3, 4, and 7, Fo<br>Schedule | rm 1065,              |          | (d) Withdrawals and distributions | (e) Capital account at end of year (combine columns (a) through (d)) |  |  |
|            | 5,160,739  |  | 57,9  | 47,330                |          | 63,108,069                        | 0  |  |  |
|            |  | (a) Distributive share item                |   |                       |          | (b) Amount                        | (c) 1040 filers enter the amount in column (b) on:                   |  |  |
| Inc        | ome (Loss): 4 Portfolio income (lo   | oce).                                      |   |                       |          |                                   |  |  |  |
|            |  |  |   |                       | 4a       | 142,253                           | Form 1040, line 8a   |  |  |
|            | 7 Other income (loss   | ) (attach schedule)                        | SE  | estmt                 | 7        | 57,895,805                        | See pgs. 6 & 7 of Partner's Instr. for Sch. K-1                      |  |  |
|            | ductions:<br>10 Deductions related   | to portfolio inc. (att. sch.)              | SE  | BSTMT                 | 10       | 74,598                            | See pg. 8 of Partner's Instr. for Sch. K-1                           |  |  |
|            | estment Interest:  | n investment debts                         |   |                       | 14a      | 16,130                            |  |  |  |
|            |  | come included on lines 4a, 4               |   |                       | 146(1)   | 142,253                           | Form 4952, line 1<br>See pg. 9 of Partner's Instr. for Sch. K-1      |  |  |
| Oth        | ner:   | ney (cash and marketable se                |   |                       | 22       | 63,108,069                        | See pg. 10 of Partner's Instr. for Sch. K-1                          |  |  |
|            |  | Sched                                      | lule K-1, Lin                                   | e 7 - C               | Other    | Income                            |  |  |  |
|            | DESCRIPT   | TON  |   |                       |          |                                   | AMOUNT   |  |  |
| SE         | CTION 1256 CONT  |  |   |                       |          |                                   | \$ 57,895,805  |  |  |
|            |  |  |   |                       |          |                                   |  |  |  |

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Partner #: 1
Schedule K-1 (Form 1065) 2003

MICHAEL S CORNISH ENERGY MERCHANT INVESTORS FUND, LLC

101-58-5760 13-4146885

6522

Page 2

# Schedule K-1, Line 10 - Deductions Related to Portfolio Income

| DESCRIPTION                          | AMOUNT           |
|--------------------------------------|------------------|
| BANK CHARGES<br>DIRECT FUND EXPENSES | \$ 121<br>74,477 |
| TOTAL                                | \$ 74,598        |

12131000 1/25/2006 10:20 AM

SCHEDULE K-1 (Form 1065)

# Partner's Share of Income, Credits, Deductions, etc.

See separate instructions

6521 OMB No. 1545-0099

2003

Dept. of the Treasury Internal Revenue Service Partner #: 2 For calendar year 2003 or tax year beginning and ending 097-58-8392 Partner's identifying number: FOR OFFICIAL USE ONLY Partner's name, address, and ZIP code: CHARLES P DUFFY 22 BOUTONVILLE RD SOUTH SALEM NY 10590 13-4146885 Partnership's identifying number: Partnership's name, address, and ZIP code: ENERGY MERCHANT INVESTORS FUND, LLC 369 FLORIDA HILL RD RIDGEFIELD CT 06877 This partner is a general partner [] limited partner Partner's share of liabilities (see instructions): Imited liability company member Nonrecourse ..... INDIVIDUAL What type of entity is this partner? Qualified nonrecourse financing ...... Is this partner a 🔯 domestic or a 📋 foreign partner? Other ..... (ii) End of (i) Before change Tax shelter registration number..... G or termination year . Enter partner's percentage of: Profit sharing ..... . . . . . . . . . % 0.104300% Check here if this partnership is a publicly traded 0.104300% Loss sharing ..... . . . . . . . . . % partnership as defined in section 469(k)(2)..... 0.104300% Ownership of capital .... IRS Center where partnership filed return: Check applicable boxes: (1) X Final K-1 (2) ☐ Amended K-1 CINCINNATI, OH 45999-0011 Analysis of partner's capital account: (a) Capital account at (b) Capital contributed (c) Partner's share of lines 3, 4, and 7, Form 1065. (d) Withdrawals and (e) Capital account at end of

|                       | agirining or year                        | during year                              | Schedule M-2  |               | distributions   | through (d))                                       |  |  |
|-----------------------|--|--|---------------|---------------|---|--|--|--|
|                       | 7,367                                    |  | 62,892        |               | 70,259  | 0  |  |  |
|                       | (1                                       | a) Distributive share iter               | n             |               | (b) Amount  | (c) 1040 filers enter the amount in column (b) on: |  |  |
| Income<br>4<br>a<br>7 | Portfolio income (los<br>Interest income | es):<br>(attach schedule)                | 4a<br>7       | 154<br>62,835 | Form 1040, line 8a<br>See pgs. 6 & 7 of Partner's Instr. for Sch. K-1 |  |  |  |
| Deducti<br>10         |  | o portfolio inc. (att. sch.)             | SRB STMT      | 10            | 80  | See pg. 8 of Parlner's Instr. for Sch. K-1         |  |  |
| 14a                   | •  | investment debtsme included on lines 4a, | 14a<br>14b(1) | 17<br>154     | Form 4952, line 1<br>See pg. 9 of Partner's Instr. for Sch. K-1       |  |  |  |
| Other:<br>22          | Distributions of mon                     | ey (cash and marketable                  | securities)   | 22            | 70,259  | See pg. 10 of Partner's Instr. for Sch. K-1        |  |  |

# Schedule K-1, Line 7 - Other Income

| DESCRIPTION            | ·  | AMOUNT |
|------------------------|----|--------|
| SECTION 1256 CONTRACTS | \$ | 62,835 |

12131000 1/25/2006 10:20 AM Partner #: 2 Schedule K-1 (Form 1065) 2003

CHARLES P DUFFY

ENERGY MERCHANT INVESTORS FUND, LLC

097-58-8392 13-4146885

P255

Page 2

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Schedule K-1, Line 10 - Deductions Related to Portfolio Income

DESCRIPTION **AMOUNT** DIRECT FUND EXPENSES \$

12131000 1/25/2006 10:20 AM

SCHEDULE K-1

# Partner's Share of Income, Credits, Deductions, etc.

See separate instructions

P257 OMB No. 1545-0099

2003

(Form 1065)

Dept. of the Treasury Internal Revenue Service Partner #: 3 For calendar year 2003 or tax year beginning and ending 51-0383350 FOR OFFICIAL USE ONLY Partner's identifying number: Partner's name, address, and ZIP code: EMC CAPITAL CORP 126 EAST 56TH ST, 33RD FLOOR NEW YORK NY 10022 13-4146885 Partnership's identifying number: Partnership's name, address, and ZIP code: ENERGY MERCHANT INVESTORS FUND, LLC 369 FLORIDA HILL RD RIDGEFIELD CT 06877 [] limited partner Partner's share of liabilities (see instructions): limited liability company member Nonrecourse ..... CORPORATION What type of entity is this partner? Qualified nonrecourse financing ..... Is this partner a M domestic or a foreign partner? Other ..... (i) Before change (ii) End of Tax shelter registration number..... or termination year Enter partner's percentage of: 3.795500% Profit sharing ..... Check here if this partnership is a publicly traded 3.795500% partnership as defined in section 469(k)(2)..... Loss sharing ..... . . . . . . . . . % 3.795500% Ownership of capital .... IRS Center where partnership filed return: Check applicable boxes: (1) 
☐ Final K-1 (2) ☐ Amended K-1 CINCINNATI, OH 45999-0011 Analysis of partner's capital account: (c) Partner's share of lines 3, 4, and 7, Form 1065, Schedule M-2 (a) Capital account at (b) Capital contributed (d) Withdrawais and (e) Capital account at end of year (combine columns (a) through (d)) beginning of year during year distributions 821,027 2,288,645 3,109,672 (c) 1040 filers enter the (a) Distributive share item (b) Amount amount in column (b) on: Income (Loss): Portfolio income (loss): 5,618 a Interest income ...... 4a Form 1040, line 8a 7 2,286,608 See pgs. 6 & 7 of Partner's Instr. for Sch. K-1 **Deductions:** 2,945 10 10 See pg. 8 of Partner's Instr. for Sch. K-1 14a Interest expense on investment debts ..... 636 14a Form 4952, line 1 14b (1) Investment income included on lines 4a, 4b(2), 4c, and 4f ...... 5,618 14b(1) See pg. 9 of Partner's Instr. for Sch. K-1 Other: 3,109,672 22 Distributions of money (cash and marketable securities) ..... See pg. 10 of Partner's Instr. for Sch. K-1 Schedule K-1, Line 7 - Other Income DESCRIPTION **AMOUNT** SECTION 1256 CONTRACTS 2,286,608

1213100011/25/2006 10:20 AM Partner #: 3 Schedule K-1 (Form 1065) 2003

EMC CAPITAL CORP ENERGY MERCHANT INVESTORS FUND, LLC

51-0383350 13-4146885

6522

Page 2

# Schedule K-1, Line 10 - Deductions Related to Portfolio Income

| DESCRIPTION          | AMOUNT   |
|----------------------|----------|
| BANK CHARGES         | \$ 4     |
| DIRECT FUND EXPENSES | 2,941    |
| TOTAL                | \$ 2,945 |

Form 6781

Gains and Losses From Section 1256 Contracts and Straddles

OMB No. 1545-0644

2003

|            | artment of the<br>nal Revenue |                                   |  |                          |                   | ► AI        | ttach to you                          | ur tax          | return   | ·          |                                      |           |                             |                 | Attachment<br>Sequence No. <b>82</b>            |
|------------|-------------------------------|-----------------------------------|--|--------------------------|-------------------|-------------|---------------------------------------|-----------------|--|------------|--------------------------------------|-----------|-----------------------------|-----------------|---|
|            | e(s) shown o                  |                                   | ' INVESTO                              | RS FUND,                 | LLC               |             |                                       |                 |  |            |                                      |           | identifying<br>13-4146      |                 |   |
| Che        | ck all appli                  | cable boxes (                     | see instructio                         | ns). A                   | Mixed s           | traddle e   | election                              |                 |  |            | C                                    | М         | xed straddi                 | e acc           | count election                                  |
|            |                               |                                   |  | В                        |                   |             | ddle identifi                         | icatio          | n electio  | on         | D                                    | ☐ Ne      | et section 1                | 256 c           | contracts loss election                         |
| <u>P</u>   | art I                         |                                   |  | acts Marke               | d to M            | arket       |                                       |                 |  |            |                                      | 76)       | Gain or /los                | <del>21</del> 1 | (c) Post-May 5                                  |
|            | 777.CT                        |                                   | fication of acc                        | ount                     |                   |             | <del></del>                           |                 |  |            |                                      |           | Gain or (los<br>entire year |                 | (c) Post-May 5<br>gain or (loss)                |
|            | EMIMF,                        | LID                               |  |                          |                   |             | <del></del>                           |                 |  |            |                                      | 6         | 0,245,2                     | 48              |   |
|            |                               |                                   | ······································ |                          |                   |             |                                       |                 | ···  |            |                                      |           |                             | $\dashv$        |   |
| 2          | Net gain                      | or (loss). Add                    | the amounts                            | on line 1 in co          | lumns (b          | and (c      | ;)                                    |                 | <del></del>                                      |            | 2                                    | 6         | 0,245,2                     | 48              | <del></del>                                     |
| 3          |                               |                                   |  | ructions and a           |                   |             |                                       |                 |  |            |                                      |           |                             |                 |   |
| 4          | Combine                       | lines 2 and 3                     | 3, column (b)                          |                          |                   |             |                                       |                 |  |            | 4                                    | 6         | 0,245,2                     | 48              |   |
| 5          | Combine                       | lines 2 and 3                     | 3, column (c)                          |                          |                   |             |                                       |                 |  |            |                                      |           |                             |                 |   |
|            | Note: If li                   | ne 4 shows a                      | ı net gain, skij                       | o line 6 and en          | ter the lir       | ie 4 and    | l 5 amounts                           | on              |  |            | -   -                                |           |                             |                 |   |
|            |                               | •                                 | •                                      | ons, see instru          |                   |             |                                       |                 |  |            |                                      |           |                             |                 |   |
| 6          | •                             |                                   |  | acts loss and            |                   |             |                                       |                 |  |            |                                      |           |                             |                 |   |
|            |                               |                                   | s to be camed<br>any loss on lir       | lback, as a po           |                   |             |                                       |                 |  |            | 6                                    |           |                             |                 |   |
| 7          |                               |                                   |  | and combine li           | nes 5 an          | d 6 colu    | umn (c)                               |                 | · · · · · · · ·                                  |            |                                      |           |                             | 十               |   |
| 8          |                               |                                   |  | Itiply line 7, co        |                   |             |                                       |                 |  | ,          |                                      |           | <del> </del>                |                 |   |
|            |                               |                                   |  | priate line of S         |                   |             |                                       |                 |  |            | 8                                    |           |                             |                 |   |
| 9          | Long-term                     | n capital gain                    | or (loss). Mu                          | Itiply line 7, col       | umns (b           | and (c)     | ), by 60% (.e                         | 60).            |  | •          |                                      |           |                             |                 |   |
|            |                               |                                   |  | priate line of S         |                   |             |                                       |                 |  |            |                                      |           |                             |                 |   |
|            | art II                        |                                   |  |                          | dies. A           | ttach a     | a separat                             | te sc           | hedul  | e listi    | ng eac                               | h stra    | ddle and                    | its c           | components.                                     |
| Sec        | TION A-L                      | osses Pro                         | m Straddi                              | es                       | T                 |             | (6)                                   |                 |  |            |                                      |           | <del></del>                 |                 | · · · · · · · · · · · · · · · · · · ·           |
|            |                               | (b) Date                          | (c) Date                               |                          |                   | ost or      | (f) Loss<br>If column (               | e)              | (g)  |            | (h) Reco                             | entire    | 1                           | -               |   |
|            | Description<br>f property     | entered<br>Into or                | closed out                             | (d) Gross<br>sales price | 1                 | basis<br>us | is more that<br>(d), enter            | 1               | Unrecog<br>gain o                                |            | year. If co                          |           | *(i) 28% r<br>loss (see in  |                 | (j) Post-May 5<br>loss (see                     |
| ·          | Property                      | acquired                          | or sold                                | Sales price              | 1 '               | nse of      | difference<br>Otherwise               |                 | offsetti   | ing        | enter diff<br>Otherwise              | erence.   | below)                      | •               | instructions)                                   |
|            |                               |                                   |  |                          | S                 | ale         | enter -0-                             |                 | positio  | ns         | -0                                   |           |                             |                 |   |
| 10         |                               |                                   |  |                          | 1                 |             |                                       | - 1             |  | İ          |                                      |           | 1                           | 1               | <b>.</b>  |
|            | <del></del>                   |                                   |  |                          | ļ                 |             |                                       |                 |  |            |                                      |           | <u> </u>                    |                 |   |
|            |                               |                                   |  |                          |                   |             |                                       |                 |  |            |                                      |           |                             |                 |   |
| 112        | Enter the                     | short-term n                      | ortion of losse                        | s from line 10,          | columns           | (h) and     | i (i) here ar                         |                 |  |            | ·                                    |           |                             |                 |   |
|            |                               |                                   |  | hedule D (see            |                   |             |                                       |                 |  | 11a        | 1                                    |           |                             |                 | ·   |
| b          | Enter the                     | long-term po                      | ntion of losses                        | s from line 10,          | columns           | (h), (i), a | and (j), here                         | e and           |  |            | 1                                    |           |                             | ľ               |   |
|            |                               |                                   |  | hedule D (see            | instructi         | ons) ,      | <u> </u>                              |                 |  | 11b        |                                      |           | <u> </u>                    |                 | <u></u> )                                       |
|            |                               | ains Fron                         | n Straddle                             | <u> </u>                 |                   |             |                                       |                 | 160 0-1  |            | _4:                                  |           | ·····                       | <del></del>     |   |
| (a)        | Description<br>property       | of (b) [<br>enter<br>into<br>acqu | pare (d                                | c) Date<br>osed out      | (d) Grossales pri | ss b        | (e) Cost or asis plus exp             | other<br>ense o | If col.  | . (d) is i | ntire year.<br>nore than<br>terence. |           | 28% rate ga                 |                 | (h)<br>Post-May 5<br>gain (see<br>instructions) |
| 40         |                               | acqu                              | uired                                  | or sold                  | Sales pin         | <u>~</u>    | sale                                  |                 | Othe   | rwise.     | enter -0-                            | (see      | instr. below)               | -               | instructions)                                   |
| 12         |                               |                                   |  |                          | ·                 | .           |                                       |                 | İ  |            |                                      |           |                             |                 |   |
|            |                               |                                   |  |                          |                   |             | · · · · · · · · · · · · · · · · · · · | <del></del>     | <del>                                     </del> |            |                                      |           |                             |                 |   |
|            |                               |                                   |  |                          |                   |             |                                       |                 | l  |            |                                      |           |                             | -               |   |
| 13a        | Enter the                     | short-term p                      | ortion of gains                        | from line 12,            | columns           | (f) and (   | (h), here an                          | þ               |  |            |                                      |           |                             |                 |   |
|            |                               |                                   |  | hedule D (see            |                   |             |                                       | 13a             | ļ  |            | <del></del>                          |           |                             |                 |   |
| b          |                               | •                                 |  | from line 12, c          |                   |             | ı), here and                          |                 |  |            |                                      |           |                             |                 |   |
|            |                               |                                   |  | hedule D (see            |                   |             | <u></u>                               | 13b             |  |            |                                      | <u> </u>  |                             |                 |   |
| _ <u>P</u> | art III                       | Unrecogi                          | nizea Gain                             | s rrom Pos               | itions            | Held C      | on Last D                             | Jay C           | n lax  | Year       | . iviemo                             | בחנר      | y Uniy (se                  |                 | nstructions)                                    |
|            |                               | (a) Deced                         | intion of nears+                       | ,                        |                   | (b) Date    | e (c)                                 | Fair            | market va  | alue on    | (a) (                                | Cost ar n | ther basis                  |                 | Unrecognized gain,<br>If column (c) is more     |
|            |                               | (a) Descri                        | iption of property                     | ,                        |                   | acquired    | , , ,                                 |                 | ss day of  |            | 1                                    | as adju   |                             | tha             | n (d), enter difference.                        |
| 14         | <del></del>                   |                                   |  |                          |                   |             |                                       |                 |  |            | <del> </del>                         |           |                             | <u> </u>        | Otherwise, enter -0-                            |
|            |                               |                                   |  |                          |                   |             |                                       |                 |  |            |                                      |           |                             |                 |   |
|            |                               |                                   |  |                          |                   |             |                                       |                 |  |            |                                      |           |                             |                 |   |

12131000 ENERGY MERCHANT INVESTORS FUND, LLC 13-4146885 Federal Statements

1/25/2006 10:20 AM

FYE: 12/31/2003

## Statement 1 - Form 1065, Schedule K, Line 7 - Other Income

| _  | Amount     |  |  |  |  |  |
|----|------------|--|--|--|--|--|
| \$ | 60,245,248 |  |  |  |  |  |
| \$ | 60,245,248 |  |  |  |  |  |
|    |            |  |  |  |  |  |

#### Statement 2 - Form 1065, Schedule K, Line 10 - Deductions Related to Portfolio Income

| Description                          | <br>Amount          |
|--------------------------------------|---------------------|
| BANK CHARGES<br>DIRECT FUND EXPENSES | \$<br>125<br>77,498 |
| TOTAL                                | \$<br>77,623        |

12131000 ENERGY MERCHANT INVESTORS FUND, LLC
13-4146885 Federal Statements 13-4146885

1/25/2006 10:20 AM

FYE: 12/31/2003

### Statement 3 - Form 1065, Schedule L, Line 8 - Other Investments

| Description | Beginning<br>of Year | End<br>of Year |  |  |
|-------------|----------------------|----------------|--|--|
| EMIMF LTD   | \$ 6,011,619         | \$             |  |  |
| TOTAL       | \$ 6,011,619         | \$0            |  |  |

## Statement 4 - Form 1065, Schedule L, Line 17 - Other Current Liabilities

| Description                    | <br>Beginning<br>of Year | End<br>of Year |   |  |
|--------------------------------|--------------------------|----------------|---|--|
| DUE TO EMC<br>ACCRUED EXPENSES | \$<br>7,000<br>16,223    | \$             |   |  |
| TOTAL                          | \$<br>23,223             | \$             | 0 |  |

12131000 ENERGY MERCHANT INVESTORS FUND, LLC
13-4146885 Federal Statements

13-4146885

1/25/2006 10:20 AM

FYE: 12/31/2003

Form 1065, Schedule K, Line 14a - Investment Expense on Investment Debts

| Description     | Amount |        |  |
|-----------------|--------|--------|--|
| MARGIN ACCOUNTS | \$     | 16,783 |  |
| TOTAL           | \$     | 16,783 |  |

1/25/2006 10:20 AM

13-4146885 FYE: 12/31/2003

12-13-1000 ENERGY MERCHANT INVESTORS FUND, LLC
13-4146885 RECONCILIATION OF PARTNERS' CAPITAL ACCOUNTS **ENERGY MERCHANT INVESTORS FUND, LLC** 

| PARTNER NAME            | <br>EGINNING<br>CAPITAL | <br>ITAL<br>IBUTED | LINES 3, 4, & 7<br>SCHEDULE M-2 | WITHDRAWALS & DISTRIBUTIONS | <del></del> | DING<br>PITAL |
|-------------------------|-------------------------|--------------------|---------------------------------|-----------------------------|-------------|---------------|
| MICHAEL S CORNISH       | \$<br>5,160,739         | \$<br>Q            | \$ 57,947,330                   | \$ 63,108,069               | \$          | 0             |
| CHARLES P DUFFY         | 7,367                   | 0                  | 62,892                          | 70,259                      |             | 0             |
| EMC CAPITAL CORP        | <br>821,027             | <br>0              | 2,288,645                       | 3,109,672                   |             | 0             |
| TOTAL PARTNERS' CAPITAL | \$<br>5,989,133         | \$<br>Q            | \$ 60,298,867                   | \$ 66,288,000               | \$          | 0             |

| tate of Connecticut epartment of Revenue Services   | · F(   | )<br>RN  | N CT-1       | 1065   |  |                                     |                      |  |
|---|--|--|--------------|--|--|-------------------------------------|----------------------|--|
| lev. 12/03)   | Connecticut P  |  |              |  | v Return                               |                                     |                      | CT-1065                                |
| For calendar year 2003, or  |  |  | -            |  |  | ia.                                 |                      | 2003                                   |
| ime of Partnership  | Other taxable year > De  | Michigan   | A            |  | and P endin                            | T                                   | ınlovei              | r ID Number                            |
|   |  |  |              |  |  |                                     | .р.о., о.            |  |
| ENERGY MERCHANT IN  | VESTORS FUND,  | LL   | C            |  | <b>•</b>                               | 13-414                              | 688                  | :5                                     |
| dress Number and Street   | PO Box   |  |              |  |  | DRS USE                             | ONLY                 |  |
| 369 FLORIDA HILL RI   | )  |  |              |  | <b>&gt;</b>                            |                                     | •                    | - 20                                   |
| y or Town   | State ZIP Code   |  |              |  |  | Connecticut                         | ax Regi              | istration Number                       |
| RIDGEFIELD  | CT 06877   |  |              |  | <b>&gt;</b>                            | <u> </u>                            |                      |  |
| and Social Security Did this pthrshp. transfer a controlling in If "YES," enter enti  | Final return cable year:  SENDING TO NOTE TO N | onresidentesiden | dent Indivi  | iduals, Trust:  1  1/01  operty?  directly, an increst | 701  nterest in CT i                   | real property?                      | F. ▶<br>G. ▶         | YES NO XX XX                           |
|   |  |  | _            | -  |  |                                     |                      | <del></del>                            |
| CHEDULE A - Business Informa  | ation  | Comp   | lete only if |  |  |                                     |                      | N and OUTSIDE Connection               |
| STREET ADDRESS  | CITY AND ST  | ATE  |              | ł  | RIPTION                                | Check Or                            |                      | ACTIVITY AT                            |
|   |  |  |              | UFI  | PLACE                                  | OWNED RE                            | NIED                 | THIS LOCATION                          |
|   | <del></del>  |  |              |  | <del></del>                            |                                     |                      | <del></del>                            |
|   | <del></del>  |  |              |  |  | <del></del>                         |                      | <del></del>                            |
| CHEDULE B - Income Apportion  | nment  |  |              | L  | · ė                                    |                                     |                      |  |
|   | ne or more nonresident par   | rtners:  |              |  |  | ·····                               |                      |  |
| •   | thip carries on business bo  |  |              | ıtside Conne   | cticut: and                            |                                     |                      |  |
| •   | ecords do not satisfactorily   |  |              |  | <u>-</u>                               | m or connecte                       | d with               | Connecticut sources                    |
| Swing apply.  | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,  | 0.00   |              | olumn A  |  | Column B                            | <u> </u>             | Column C                               |
|   |  |  | •            | s Everywher  | i                                      | nnecticut On                        | iv                   | Decimal Notation                       |
| Real property owned   |  | 1  |              |  |  |                                     | 1                    | Percent Column B                       |
| Real property rented from others  |  | 2  |              | ······   |  |                                     |                      | is of                                  |
| Tangible personal property owned or re  |  | 3  |              |  |  |                                     |                      | Column A                               |
| Property owned or rented (Add Lines 1,  |  | 4  |              |  |  |                                     |                      |  |
| Employee wages and salaries   |  | 5  |              |  |  |                                     |                      |  |
| Gross income from sales and services  |  | 6  |              |  |  |                                     |                      | ······································ |
| Total (Add Column C, Lines 4, 5, and 6  |  |  |              |  | ······································ | <del></del>                         | 7                    | <del></del>                            |
| Business apportionment fraction (Div  |  | <br>បន្ទាំ សម  | mher of fra  | actions)   |  |                                     | 8                    |  |
| s return must be filed with the Connection  |  |  |              |  |  |                                     |                      | the fifteenth day of the               |
| oth following the close of the taxable ver  | ar.  |  |              |  |  |                                     |                      |  |
| CLARATION: I declare under penalty of law that  | it I have examined this return (   | (includir  | ng any acco  | mpanying sche  | edules and state                       | ments) and, to th                   | e best c             | of                                     |
| CLARATION: I declare under penalty of law that<br>knowledge and belief, it is true, complete, and<br>apprisonment for not more than five years, or bo | oth. The declaration of a paid   | biebaie  | r other than | the taxpayer is  | s based on all in                      | inne of not more formation of which | tnan \$5<br>h the pr | reparer                                |
| any knowledge.  |  |  |              |  | <del></del>                            |                                     |                      | <del></del>                            |
| Signature of General Partner  | Title  |  |              | }  | Date                                   |                                     |                      | DRS contact the preparer               |
| GN HERE   |  |  |              |  | <del></del>                            |                                     | show                 | n below about this retum?              |
| Keep a Paid Preparer's Signature  |  |  |              |  | Telephone Nu                           |                                     | L                    | Yes No                                 |
| сору  |  |  |              |  | 203-99                                 | 4-1080                              | (Se                  | e instructions, Page 11)               |
| of this Firm's Name and Address   | ,  |  |              | ĺ  | Date                                   |                                     | Prepa                | arer's SSN or PTIN                     |
| eturn for JEFFERSON, UR   | IAN, DOANE &   | STI  | ERNER        | , P.A.   | 1/25/                                  | 06                                  | _P0                  | 0319104                                |
|   |  |  |              |  | Federal Emplo                          | yer ID Number                       | Teleo                | phone Number                           |
| ·   | ·  |  |              |  |  |                                     | Telep                | hone Number                            |

OCEAN VIEW, DE 19970-0477

51-0212284

302-539-5543

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#### ENERGY MERCHANT INVESTORS FUND, LLC13-4146885

Attach additional sheets for Schedules C, D, and E in the same format as the original if necessary. Nonresident SCHEDULE C - Partner Information (See Instructions for order in which to list) Partner Partner Name and Address Identification Number Profit % Yes No CHARLES P DUFFY 22 BOUTONVILLE RD SOUTH SALEM NY 10590 097-58-8392 0.104300X EMC CAPITAL CORP 126 EAST 56TH ST, 33RD FLOOR NEW YORK NY 10022 51-0383350 3.795500 X MICHAEL S CORNISH 369 FLORIDA HILL RD RIDGEFIELD CT 06877 101-58-5760 96.100200 Complete Schedule D only if the partnership has SCHEDULE D - Partners' Share of Connecticut Modifications Connecticut modifications (See instructions) PARTNER Total All Connecticut Modifications **Partners** ADDITIONS: ENTER ALL AMOUNTS AS POSITIVE NUMBERS 1. Interest on state and local government obligations other than Connecticut 2. Mutual fund exempt-interest dividends from state or municipal government obligations other than Connecticut Certain deductions relating to income exempt from Conneticut income tax (See instructions)
 Special depreciation allowance for qualified property placed in service during this year. 5. Other - (Specify) SUBTRACTIONS: ENTER ALL AMOUNTS AS POSITIVE NUMBERS 6. Interest on United States government obligations 7. Exempt dividends from certain qualifying mutual funds derived from United States government obligations 8. Certain expenses relating to income exempt from federal income tax (See instructions) Special depreciation allowance for qualified property placed in service during the preceding year. 10. Other - (Specify) The partnership must provide each partner (other than partners that are C corporations) with a schedule of Connecticut modification amounts, if any, for inclusion on the appropriate forms. SCHEDULE E - Computation of Connecticut Source Income **PARTNER** Connecticut-sourced portion of items from federal Total Form 1065, Schedule K-1 (See instructions) Partners Ordinary income (loss) from trade or business activities Net income (loss) from rental real estate activities Net Income (loss) from other rental activities Portfolio income (loss) SEE STMT 74 74 Guaranteed payments to partners Net gain (loss) under I.R.C§ 1231 (other than due to casualty or theft) Other income (loss) SEE STMT 62,835 62,835 Expense deduction for property under I.R.C. § 179

he partnership must provide each partner (other than partners that are resident individuals or that are C corporations) with a schedule of mounts of income derived from or connected with sources within Connecticut for inclusion on the appropriate forms.

T-1065 Back (Rev. 12/03)

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Other deductions

SEE STMT

12131000 ENERGY MERCHANT INVESTORS FUND, LLC 1/25/2006 10:20 AM **CT Partner Statements** 13-4146885 **ENERGY MERCHANT INVESTORS FUND, LLC** FYE: 12/31/2003 CT-1065 - Page 2 Partner #: CHARLES P DUFFY 097-58-8392 Partner Name: SSN/EIN: Form CT-1065, Page 2, Schedule E, Line 4 - Portfolio Income(Loss) DESCRIPTION **AMOUNT** PORTFOLIO DEDUCTION -80 INTEREST 154 TOTAL 74 Form CT-1065, Page 2, Schedule E, Line 7 - Other Income(Loss) DESCRIPTION THUOMA SECTION 1256 CONTRACTS 62,835 Form CT-1065, Page 2, Schedule E, Line 9 - Other Deductions DESCRIPTION **AMOUNT** INTEREST EXP ON INVEST DEBT 17

| PARTNER# 1  | 12131000 01/25/2006 10:20   |  |  |  |  |  |
|---|---|--|--|--|--|--|
|   | tions and Source Items Worksheet                                  |  |  |  |  |  |
| CT-1065   | 2003  |  |  |  |  |  |
| Schedule K-1 For calendar year 2003, or other taxable year beginning  |   |  |  |  |  |  |
| Partner's ID no. 101-58-5760 CT Tax Registration No   | Partnership's ID no. 13-4146885                                   |  |  |  |  |  |
| Partner's name, address, and ZIP code   | Partnership's name, address, and ZIP code                         |  |  |  |  |  |
|   |   |  |  |  |  |  |
| MICHAEL S CORNISH   | ENERGY MERCHANT INVESTORS FUND, LLC                               |  |  |  |  |  |
| 369 FLORIDA HILL RD   | 369 FLORIDA HILL RD   |  |  |  |  |  |
| RIDGEFIELD CT 06877   | RIDGEFIELD CT 06877   |  |  |  |  |  |
| Resident  | Defense   |  |  |  |  |  |
| Resident X  | Partner's percentage of: Before change or termination End of Year |  |  |  |  |  |
| Nonresident Amended   | Profit sharing % 96.100200%                                       |  |  |  |  |  |
| Amended Sinal X   | I will sharing  |  |  |  |  |  |
| Final Composite filer   | 2003 31141119   |  |  |  |  |  |
| Taxes paid on behalf of nonresident partner   | Ownership of capital % 96.100200%                                 |  |  |  |  |  |
| Taxes para on bornar of normospoorit parator  |   |  |  |  |  |  |
| Schedule D - Modifications To Federal Items   |   |  |  |  |  |  |
| Additional  | <b>V</b>  |  |  |  |  |  |
| Additions:  1 Interest on state and local obligations other than obligations of C   | connections   |  |  |  |  |  |
|   |   |  |  |  |  |  |
|   | ncome tax   |  |  |  |  |  |
|   | ervice during this year   |  |  |  |  |  |
| 5 Other additions   |   |  |  |  |  |  |
| o Grief additions   |   |  |  |  |  |  |
| Subtractions:   |   |  |  |  |  |  |
|   |   |  |  |  |  |  |
| 7 Dividends from certain mutual funds owning U.S. obligations   |   |  |  |  |  |  |
| 8 Certain expenses relating to income exempt from federal income tax  |   |  |  |  |  |  |
| 9 Special depr allowance for qualified property placed in service d   | uring the preceding year  |  |  |  |  |  |
| 10 Other subtractions   |   |  |  |  |  |  |
|   |   |  |  |  |  |  |
| Schedule E - Connecticut Source Income  |   |  |  |  |  |  |
| A No. of the Land |   |  |  |  |  |  |
| 1 Ordinary income (loss) from trade or business activities  | ·   |  |  |  |  |  |
| 2 Net income or (loss) from rental real estate activities   |   |  |  |  |  |  |
| 3 Net income or (loss) from other rental activities   |   |  |  |  |  |  |
| 5 Guaranteed payments to partners   |   |  |  |  |  |  |
| 6 Net gain (loss) under IRC section 1231  |   |  |  |  |  |  |
| 7 Other income (loss)   |   |  |  |  |  |  |
| 8 Expense deduction for property under IRC section 179  |   |  |  |  |  |  |
| 9 Other deductions  | •   |  |  |  |  |  |
| 0 0415, 404404510   |   |  |  |  |  |  |
| Supplemental Information  |   |  |  |  |  |  |
| Supplemental information  |   |  |  |  |  |  |
|   |   |  |  |  |  |  |
|   |   |  |  |  |  |  |
|   |   |  |  |  |  |  |
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12131000 01/25/2006 10:20 AM PARTNER# 2 CT Partner's Share of Modifications and Source Items Worksheet CT-1065 2003 Schedule K-1 For calendar year 2003, or other taxable year beginning and ending 097-58-8392 13-4146885 CT Tax Registration No. Partner's ID no. Partnership's ID no. Partner's name, address, and ZIP code Partnership's name, address, and ZIP code CHARLES P DUFFY ENERGY MERCHANT INVESTORS FUND, LLC 22 BOUTONVILLE RD 369 FLORIDA HILL RD NY 10590 SOUTH SALEM RIDGEFIELD CT 06877 Resident Before change or termination Partner's percentage of: End of Year Nonresident 0.104300% Amended Profit sharing ..... 0.104300% Final Loss sharing ..... % 0.104300% Composite filer Ownership of capital ..... Taxes paid on behalf of nonresident partner Schedule D - Modifications To Federal Items Additions: 1 Interest on state and local obligations other than obligations of Connecticut ...... 2 Exempl-interest dividends on state and local obligations other than Connecticut ...... 3 Certain deductions relating to income exempt from Connecticut income tax ...... 4 Special depreciation allowance for qualified property placed in service during this year ..... 5 Other additions Subtractions: 6 Interest on U.S. obligations Dividends from certain mutual funds owning U.S. obligations 8 Certain expenses relating to income exempt from federal income tax ...... 9 Special depr allowance for qualified property placed in service during the preceding year ..... 10 Other subtractions Schedule E - Connecticut Source Income Ordinary income (loss) from trade or business activities ..... 1 Net income or (loss) from rental real estate activities ..... Net income or (loss) from other rental activities ..... Portfolio income (loss) SEE STMT 74 4 Guaranteed payments to partners ..... 5 Net gain (loss) under IRC section 1231 ..... Other income (loss) SEE STMT 62,835 Expense deduction for property under IRC section 179 ..... 17 Other deductions ..... **Supplemental Information** 

| PARTNER# 3   | 124  | 131000 01/25/2006 10:20 |
|--|--|-------------------------|
| Form CT Partner's Share of Modification                                | ons and Source Items Worksheet                                 | 2003                    |
| Schedule K-1 For calendar year 2003, or other taxable year beginning   | and ending   |                         |
| Partner's ID no. 51-0383350 CT Tax Registration No.                    |  | 13-4146885              |
| Partner's name, address, and ZIP code                                  | Partnership's name, address, and ZIP code                      |                         |
| EMC CAPITAL CORP<br>126 EAST 56TH ST, 33RD FLOOR<br>NEW YORK NY 10022  | ENERGY MERCHANT INVESTORS 369 FLORIDA HILL RD RIDGEFIELD CT 06 |                         |
| Resident   | Before change Partner's percentage of: or termination          | End of Year             |
| Nonresident  |  | 2 705500                |
| Amended V  | Profit sharing %   | 3.7955009<br>3.7955009  |
| Final X  | Loss sharing %   |                         |
| Composite filer  Taxes paid on behalf of nonresident partner           | Ownership of capital %   |                         |
| Schedule D - Modifications To Federal Items                            |  |                         |
| Additions:   |  |                         |
| 1 Interest on state and local obligations other than obligations of Co | nnecticut  |                         |
| 2 Exempt-interest dividends on state and local obligations other than  |  |                         |
| 3 Certain deductions relating to income exempt from Connecticut income | come tax   | ·                       |
| 4 Special depreciation allowance for qualified property placed in sen  | vice during this year  |                         |
| 5 Other additions  | ·····  |                         |
| Subtractions:  |  |                         |
| 6 Interest on U.S. obligations   |  |                         |
| 7 Dividends from certain mutual funds owning U.S. obligations          |  |                         |
| 8 Certain expenses relating to income exempt from federal income t     |  | <del></del>             |
| 9 Special depr allowance for qualified property placed in service duri |  |                         |
| 10 Other subtractions  |  |                         |
| Schedule E - Connecticut Source Income                                 |  |                         |
| Ordinary income (loss) from trade or business activities               |  |                         |
| 2 Net income or (loss) from rental real estate activities              |  |                         |
| 3 Net income or (loss) from other rental activities                    |  |                         |
| 4 Portfolio income (loss)  |  |                         |
| 5 Guaranteed payments to partners                                      |  | ·                       |
| 6 Net gain (loss) under IRC section 1231                               |  |                         |
| 7 Other income (loss)  |  |                         |
| 8 Expense deduction for property under IRC section 179                 |  |                         |
| 9 Other deductions   | •  |                         |
|  |  | <del></del>             |
| Supplemental Information   |  |                         |
|  | **************************************                         | <del></del>             |
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12131000 ENERGY MERCHANT INVESTORS FUND. LLC 1/25/2006 10:20 AM **CT Partner Statements** 13-4146885 **ENERGY MERCHANT INVESTORS FUND, LLC** FYE: 12/31/2003 Schedule K-1 Partner #: Partner Name: CHARLES P DUFFY SSN/EIN: 097-58-8392 Form CT-1065, K-1 Worksheet, Schedule E - Portfolio Income(Loss) DESCRIPTION **AMOUNT** PORTFOLIO DEDUCTION -80 INTEREST 154 TOTAL 74 Form CT-1065, K-1 Worksheet, Schedule E - Other Income(Loss) DESCRIPTION AMOUNT SECTION 1256 CONTRACTS 62,835

Form CT-1065, K-1 Worksheet, Schedule E - Other Deductions

**AMOUNT** 

17

**DESCRIPTION** 

INTEREST EXP ON INVEST DEBT

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| 44                                    | 20            | •                               | l                               | 1                                     | 15            | Corporation                                   | on Inco                        | me T      | ay Re          | í i                                   |               |           | 12088001 09/14/2005 3:55 PM<br>OMB No. 1545-0123 |
|---------------------------------------|---------------|---------------------------------|---------------------------------|---------------------------------------|---------------|---|--------------------------------|-----------|----------------|---------------------------------------|---------------|-----------|--|
| Department                            |               |                                 | For calen                       | dar year 20                           |               | year beginning                                |                                |           | ,e             |                                       | . , . <b></b> |           | 2004   |
| internal Reve                         | enue :        | Service                         | <u> </u>                        |                                       |               | ➤ See s                                       |                                |           |                |                                       | <del> </del>  |           |  |
| A Check if<br>1 Consolida             | ated r        | etum 🕞                          | Use<br>IRS                      |                                       |               | street, and room o<br>, see page 9 of ins     |                                | City or t | own, statė,    | and ZIP co                            | (             |           | or identification number                         |
| (attach F                             | i hoidi       | ng co.                          | label.                          | <del></del>                           |               | RCHANT C                                      | CORP                           |           |                |                                       |               |           | 855623   |
| (attach Se<br>3 Personal              |               |                                 | Other-<br>wise,                 | 1                                     |               | DIARIES                                       | 22                             | 77 O O    |                |                                       | C C           |           | orporated  |
| (see instr<br>4 Schedule<br>(attach S | ruction       | ns)                             | print or                        |                                       |               | <u>56TH ST.</u>                               |                                |           |                | <del></del>                           | <del></del>   |           | .5/1995  |
|                                       |               |                                 | type.                           | NEW                                   |               | <del></del>                                   |                                | Y 10      |                | <del></del>                           |               |           | ets (see page 8 of instructions)                 |
| E Check if:                           | <del>-}</del> | Initial retu                    |                                 | Final return                          | (3)           | Name change                                   |                                |           | nange          |                                       | \$            | T         | 703,194  |
| •                                     | 1             | a Gross recel                   |                                 |                                       | l 0)          | b Less returns                                |                                |           |                |                                       | Jc Bal▶       | 1c        | <u></u>  |
|                                       | 3             | Cost or go                      | 1005 S010 (50                   | ine 2 from                            | ine b)        |   |                                |           |                | · · · · · · · · · · · · · · · · · · · |               | 3         |  |
|                                       | 4             | Ohidondo                        | (Schodula (                     |                                       | ime ic        |   |                                |           |                |                                       |               | 4         | 1,000,000  |
|                                       | 5             |                                 |                                 |                                       |               |   |                                |           |                |                                       |               | 5         | 26,865   |
| income                                | 6             |                                 |                                 |                                       |               |   |                                |           |                |                                       |               | 6         | 20,003   |
|                                       | 7             | Gross roya                      |                                 |                                       |               |   |                                |           |                |                                       |               | 7         |  |
|                                       | 8             |                                 |                                 | e (attach S                           | ch. D (For    | m 1120))                                      | • • • • • • • • • •            |           |                | • • • • • • • •                       |               | 8         | 5,918,000  |
|                                       | 9             | Net gain o                      | r (loss) from                   | Form 4797                             | . Part II. Ii | ne 17 (attach F                               | orm 4797)                      |           |                |                                       |               | 9         |  |
|                                       | 10            | Other inco                      | me (see pag                     | e 11 of insi                          | tructions-a   | ittach schedule)                              |                                |           | SEE            | STMT                                  | 1,2           | 10        | -398,355   |
|                                       | 11            | Total inco                      | me. Add line                    | s 3 through                           | 10            | <u> </u>                                      | `                              |           |                |                                       | ▶             | 11        | 6,546,510  |
|                                       | 12            | Compensa                        | ition of office                 | ers (Schedu                           | ile E, line   | 4)  |                                |           |                |                                       |               | 12        | 918,188  |
|                                       | 13            | Salaries a                      | nd wages (le                    | ss employr                            | nent credi    | ts)   |                                |           | <b></b>        |                                       |               | 13        | 423,558  |
|                                       | 14            | Repairs ar                      | id maintenar                    | nce                                   |               |   |                                |           |                |                                       |               | 14        | 2,858  |
|                                       | 15            | Bad debts                       |                                 |                                       |               |   |                                |           |                |                                       |               | 15        |  |
|                                       | 16            |                                 |                                 |                                       |               |   |                                |           |                |                                       |               | 16        | 367,578  |
| Deductions                            | 17            |                                 |                                 |                                       |               |   |                                |           |                |                                       |               | 17        | 147,773  |
|                                       | 18            | Interest                        |                                 |                                       |               |   |                                |           |                |                                       |               | 18        |  |
| (See                                  | 19            |                                 |                                 |                                       |               | tructions for 109                             |                                |           |                |                                       |               | 19        |  |
| instructions                          | 1             | Depreciation                    | on (attach Fo                   | om 4562)                              |               | nd elsewhere or                               |                                | 20        | <del></del>    | 4.                                    | 1,618         | 1 1       | 41 610   |
| for                                   | 21            |                                 |                                 |                                       |               |   |                                |           |                |                                       |               | 21b<br>22 | 41,618   |
| limitations<br>òn                     | 22            | Depletion<br>Advertising        |                                 |                                       |               | •       |                                |           |                |                                       |               | 23        |  |
| deductions.                           | 24            | -                               | `                               |                                       |               |   |                                |           |                |                                       |               | 24        | 102,927  |
| .,                                    | 25            | Employee                        | benefit prog                    | rams                                  |               |   |                                |           |                |                                       |               | 25        | 181,990  |
|                                       | 26            | Other ded                       | ctions (attac                   | ch schedule                           | ·······<br>e} |   |                                | •         | SEI            | STM                                   | T 3           | 26        | 1,171,583  |
|                                       | 27            | Total dedu                      | ctions. Add                     | lines 12 th                           | rough 26      |   |                                |           |                |                                       | •             | 27        | 3,358,073  |
|                                       | 28            |                                 |                                 |                                       | -             | eduction and sp                               |                                |           |                |                                       | line 11       | 28        | 3,188,437  |
|                                       | 29            | Less: a i                       | Vet operating                   | oss dedu                              | ction (see    | page 16 of inst                               | ructions) .                    | 29        | a              | 2,188                                 | 3,437         |           |  |
|                                       |               | · b 8                           | Special dedu                    | ctions (Sch                           | nedule C, I   | ine 20)                                       |                                | 29        | ь              | 1,000                                 | 0,000         | 29c       | 3,188,437  |
|                                       | 30            |                                 |                                 |                                       |               | 28 (see instruc                               |                                |           | , line 12,     | was comp                              | eleted) .     | 30        | 0  |
|                                       | 31<br>32      | Total tax (                     | Schedule J.                     | line 11)                              | ,             |   |                                | ·         |                |                                       |               | 31        | 38,831   |
|                                       | 32            |                                 | a 2003 over<br>credited t       |                                       | 32a           |   |                                |           |                |                                       |               |           |  |
|                                       | b             | Lass 2004 re                    | ated tax pay                    | /ments<br>or                          | 32b           |   |                                | 1         | . 1            |                                       |               |           |  |
| Tan :: :                              | Ĭ             | on Form 446                     | 8                               |                                       | 32c (         |   | Jd E                           | 32        |                |                                       |               |           |  |
| Tax and<br>Payments                   | 9             | •                               | ted with For                    |                                       |               | ains (attach For                              |                                | 32        |                |                                       |               | } }       |  |
| rayments                              | '_            |                                 | •                               |                                       |               | ains (attach For<br>4136). See insti          |                                | 32        |                |                                       |               | 32h       |  |
|                                       | 33            |                                 |                                 | •                                     |               | etions). Check i                              | • •                            | 32        |                | <del></del>                           | ► X           | 33        | 1,112  |
|                                       | 34            |                                 |                                 |                                       |               | of lines 31 and                               | -                              |           |                |                                       | <u> </u>      | 34        | 39,943   |
|                                       | 35            |                                 |                                 |                                       |               | otal of lines 31                              |                                |           |                |                                       |               | 35        | 37,713   |
|                                       | 36            |                                 |                                 |                                       |               | 2005 estimated                                |                                | er amou   | ant uverpa     |                                       | nded ▶        | 36        |  |
| <del></del>                           | 1             | Under penalt                    | ies of perjury,                 | I declare that                        | t I have exa  | mined this return.                            | including ac                   |           |                | s                                     |               |           | s this return with the preparer                  |
| Sign                                  | ı             | and statement<br>of preparer (c | nts, and to the other than taxe | best of my k                          | nowiedge a    | nd belief, it is true,<br>ormation of which : | , correct, and<br>preparer has | complete  | e. Declaration | on j                                  | shown belo    |           | ED (**)  |
| Here                                  | - 1           | <b>.</b>                        | ·                               | CITE                                  | סידו          | CODY  |                                |           |                |                                       |               |           |  |
| <u> </u>                              |               | Signatur                        | e of officer                    | OLILI                                 | 110           | 0011  |                                | Date      |                | _ /                                   | Title         |           |  |
|                                       | T             | Preparer's                      | _ <del></del>                   |                                       |               |   |                                |           | Date           |                                       | Check if      |           | Preparer's SSN or PTIN                           |
| aid                                   |               | signature                       | ,                               | · · · · · · · · · · · · · · · · · · · |               |   |                                |           | 9/14           |                                       | elf-employ    | ed        | P00319104  |
| Preparer'                             |               | Firm's name                     | (or yours L -                   |                                       | ERSON         | <del></del>                                   | DOAN                           | E &       | STERN          | ER, I                                 | P.A.          | EIN       | 51-0212284                                       |
| Jse Only                              |               | if self-employ                  | red),                           |                                       | X 47          |   |                                |           |                |                                       | 1             | Phone i   |  |
| <u> </u>                              |               | address, and                    |                                 |                                       | VIE           |   | <del></del>                    | 19        | 970-0          |                                       |               |           | -539-5543  |
| 9/15                                  | Th            | יוינ                            | 1.468                           | यगच्य १                               |               | 9.708   |                                |           | 7              | יתרוי                                 | 51            | 710       | <b>a</b>   |

Form **7004** (Rev. September 2003)

#### Application for Automatic Extension of Time To File Corporation Income Tax Return

OMB No. 1545-0233

| Depa   | rtment of the | he Treasury<br>e Service              |  |                 |                             | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | 4,    | · · · · · · · · · · · · · · · · · · ·   |              |  |           |  |               |
|--------|---------------|---------------------------------------|--|-----------------|-----------------------------|---|-------|---|--------------|--|-----------|--|---------------|
| E      | of corpon     | etion                                 | ANT CORP                                 |                 |                             |   |       |   |              | -  | entificat | tion numb                              | er            |
|        |               |                                       |  |                 | ted States, see instruction | s. <u>)</u>                             |       |   |              |  |           |  |               |
| _1     | 26 E          | ST 56TH                               | 1 ST., 33F                               | LOOK            |                             |   |       | ····                                    |              |  |           |  |               |
|        | er town, sta  | te, and ZIP code<br>ORK               |  | 10022           | 2                           | ·                                       |       | ·                                       |              |  |           |  |               |
| Chec   | k type of     | return to be fil                      | ed:                                      |                 |                             |   | _     |   |              |  |           |  |               |
|        | Fon           | n 990-C                               | •  | Form            | 1120-FSC                    |   |       | Form 1120-PC                            |              |  |           | Form 11:                               | 20S           |
|        | X For         | n 1120                                |  | Form            | 1120-H                      | 1                                       | Ц     | Form 1120-PO                            | Ĺ            |  |           | Form 11:                               | 20-SF         |
|        | For           | n 1120-A                              | •  | <b>-</b>        | 1120-L                      | ].                                      | 4     | Form 1120-RE                            | IT           |  |           |  |               |
|        |               | n 1120-F                              |  |                 | 1120-ND                     |   |       | Form 1120-RIC                           |              |  |           |  |               |
|        |               |                                       | : Check here if the f                    | oreign corpo    | oration does not maint      | ain an office or                        | pla   | ce of business i                        | n the        |  |           |  | . —           |
|        | United S      |                                       | c Extension (see in                      | obuctions)      | <del> </del>                | <u> </u>                                | •••   | <del>••••••</del>                       |              |  |           |  |               |
| 1      |               |                                       |  |                 | or certain corporations     | 2 month) avisi                          | i     | na of time                              |              |  |           |  |               |
| a      | until         |                                       |  |                 | of the corporation na       |   |       |   |              |  |           |  |               |
|        |               | 04 ~ •                                | by sear begin                            | nino est receir | and e                       | ndina                                   | ٠,١   | Frd - Carelluat                         |              |  |           |  |               |
|        | year 20       | war If this                           | tax year is for less th                  | an 12 mont      | he chack reason.            |   | • • • | • • • • • •                             |              |  |           |  |               |
| D      |               | airetum                               | Final retur                              |                 | Change in acco              | unting period                           |       | Cons                                    | olidated     | rahim t  | a he filo | a                                      |               |
| 2      |               |                                       |  |                 | a consolidated retu         |   | ed d  |   |              |  | O DO IIIC | <u> </u>                               |               |
|        |               |                                       |  |                 | nber of the affiliated p    |   |       |   |              |  | tificatio | n number                               | <del></del>   |
|        |               |                                       | RGY MERCHA                               |                 |                             |   |       |   |              |  |           |  |               |
|        |               | 126                                   | TH ST                                    |                 |                             |   |       | .                                       |              |  |           |  |               |
|        |               | NEW                                   | YORK                                     |                 | NY 10022                    |   |       |   | 13-4         | 104  | 912       |  |               |
|        |               | EMC                                   | CAPITAL C                                | ORP             |                             |   |       |   |              |  |           |  |               |
|        |               | 126                                   | TH ST                                    |                 |                             |   |       | 1                                       | •            |  | :         |  | 100           |
|        | 7             | NEW                                   | YORK                                     |                 | NY 10022                    |   |       |   | 51-0         | 383  | 350       |  |               |
|        |               | ENE                                   | RGY MERCHA                               | IAM TM          | NAGEMENT CO                 | , LLC                                   |       |   |              |  |           |  |               |
|        |               | 126                                   | TH ST                                    |                 |                             |   |       | 1                                       |              |  |           |  |               |
|        |               |                                       | YORK                                     | <del></del>     | NY 10022                    | ·                                       |       |   | 13-4         | 1468   | 381       |  |               |
|        |               | COR                                   | PORATE DEV                               | ELOPME          | INT, INC                    |   |       | 1                                       |              |  |           |  |               |
|        |               |                                       | TH ST                                    |                 |                             |   |       | ļ                                       |              |  |           |  |               |
|        |               |                                       | YORK                                     |                 | NY 10022                    |   |       |   | <u>13-3</u>  | 8174   | 133       |  |               |
|        |               |                                       | ERINE OIL                                | COMPAI          | NY.                         |   |       | - !                                     |              |  |           |  |               |
|        |               |                                       | TH ST                                    |                 |                             |   |       | 1                                       |              |  |           |  | •             |
|        |               |                                       | YORK                                     |                 | NY 10022                    |   |       |   | 95-4         | 5640   | 080       | ······································ |               |
|        |               |                                       | LO PETROLE                               | OW CO           | RPORATION                   |   |       | 1                                       |              |  |           |  |               |
|        |               |                                       | TH ST                                    |                 | NY 10022                    |   |       | i                                       | 05 4         | 050  |           |  |               |
|        |               |                                       | YORK                                     |                 | M1 10022                    | ·                                       |       |   | 95-4         |  | 103       |  |               |
| 3      |               | e tax (see instr                      |  |                 |                             |   |       |   | 800          | 3  | XXXXXXXXX |  | <u> </u>      |
| 4      | -             |                                       | able credits: (see in<br>from prior year | 4a              |                             |   |       |   |              |  |           |  |               |
| a<br>h | , -           |                                       | s for the tax year                       |                 |                             | _                                       |       |   |              |  |           |  |               |
| b      |               | und for the tax                       |  | .   30          |                             | <b>-1</b> *** ***                       |       |   |              |  |           |  |               |
| ·      | -             | orm 4466                              | year applied                             | 4c              |                             | Bal ▶ 4d                                |       |   | ************ |  |           |  |               |
| •      |               |                                       | ndistributed capital                     |                 | 2439)                       | 46                                      | -1-   |   |              |  |           |  |               |
| •      |               | •                                     | n fuels (Form 4136)                      |                 |                             | 4f                                      |       |   |              |  |           |  |               |
| ,      | OI CUIT IO    | , , cuciai lax u                      |  |                 |                             |   |       | <del></del>                             |              | 1000 M   |           |  |               |
| 5      | Total Add     | l fines 4d through                    | 4f (see instructions)                    |                 | _                           |   |       |   |              | 5  |           |  | 0             |
| 5<br>6 |               |                                       |  | enosit this     | amount using the Ele        | ctronic Federa                          | ai    | • |              | <del>                                     </del> | ····      |  |               |
|        |               |                                       |  |                 | Deposit (FTD) Coupe         |   |       | s)                                      |              | 6  |           |  | 0             |
| al con | ure. Unde     | er penalties of pe                    |  | ve been autho   | prized by the above-name    |   |       |   | nd to the b  | est of m   | y knowle  | dge                                    | <del></del> - |
|        | <             | 1                                     | -tw                                      |                 | _                           | $\subset$                               |       | 8 H                                     |              |  |           | 3/08/                                  | 05            |
|        |               | (Sitinati                             | ure of officer or agent)                 |                 |                             |   | ,     | (Titl                                   |              | • • • • •  |           | (Date)                                 |               |
|        |               | · · · · · · · · · · · · · · · · · · · |  |                 | <del></del>                 |   |       | 71111                                   | <del></del>  |  |           | Date                                   |               |

| Forn | 1120 (2004) ENERGY MERCHANT  |   |                                   | -3855-23                              | ·····                                   |   | Page 2                                 |
|------|--|---|-----------------------------------|---------------------------------------|---|---|--|
| S    | chedule A Cost of Goods Sold (se   | ee page 17 of instru                    | ictions)                          |                                       |   |   |  |
| 1    | Inventory at beginning of year   |   |                                   |                                       | 1 1                                     |   |  |
| 2    | Purchases  |   |                                   |                                       | 2                                       | 1                                       |  |
| 3    |  |   |                                   |                                       |   |   |  |
| 4    | Additional section 263A costs (attach schedule)  |   |                                   |                                       |   | 1                                       |  |
| 5    | Other costs (attach schedule)  |   |                                   |                                       |   | 1                                       |  |
| 6    | Total. Add lines 1 through 5   |   | ••••••                            |                                       | 6                                       | <del></del>                             | <del></del>                            |
| 7    |  |   |                                   |                                       | , , ,                                   |   | ······································ |
| 8    | Cost of goods sold. Subtract line 7 from line 6.   | Enter here and on page :                | 1 line 2                          |                                       |   | <del></del>                             | <del></del>                            |
| 9a   | Check all methods used for valuing closing inven   |   |                                   |                                       | .,                                      |   |  |
| 34   | (i) Cost as described in Regulations secti   | •                                       |                                   |                                       |   |   |  |
|      | (ii) Lower of cost or market as described in   |   | 171_ <i>A</i>                     |                                       |   |   |  |
|      | (iii) Other (Specify method used and attack  | <u> </u>                                |                                   |                                       |   |   |  |
|      | Check if there was a writedown of subnormal goo  |   | lations section 1.4               | 71.2(c)                               |   | • |  |
| þ    | Check if the LIFO inventory method was adopted   | l thin toy wood for any god             | nauchs secucin 1.4                | n 1-2(c)                              | • |   | · [ H                                  |
| C    | If the LIFO inventory method was used for this ta  |   |                                   |                                       |   | ••••••                                  | • 🗀                                    |
| d    | _  | x year, enter percentage                | (or amounts) or or                | osing                                 |   | ł                                       |  |
|      | •  |   |                                   |                                       | <u>L9d</u>                              | <del></del>                             |  |
| e    | If property is produced or acquired for resale, do Was there any change in determining quantities,   |   |                                   |                                       |   | Yes                                     | ∐ No                                   |
| f    | • *  |   |                                   | iosing inventory? If                  | Tes,"                                   | П v                                     | . П.                                   |
|      | attach explanation  chedule C Dividends and Special  | Daductions (see n                       | age 18 of                         | <del> </del>                          | ·····                                   | Yes                                     |  |
|      | instructions)  | · · · · · · · · · · · · · · · · · · ·   |                                   | (a) Dividends received                | (b) %                                   |   | If deductions<br>X (b)                 |
| 1    | Dividends from less-than-20%-owned domestic of   |   |                                   |                                       | į                                       | l                                       |  |
|      | -70% deduction (other than debt-financed stock)  |   |                                   |                                       |   |   | <del></del>                            |
| 2    | Dividends from 20%-or-more-owned domestic co   |   |                                   |                                       | }                                       | Ì                                       |  |
|      | 80% deduction (other than debt-financed stock)   |   |                                   |                                       | 80                                      | - <b> </b>                              |  |
| 3    | Dividends on debt-financed stock of domestic and foreign   |   |                                   |                                       | see                                     | 1                                       |  |
| 4    | Dividends on certain preferred stock of less-than-   |   |                                   |                                       | 42                                      | <u> </u>                                |  |
| 5    | Dividends on certain preferred stock of 20%-or-m   |   |                                   |                                       | 48                                      |   |  |
| 6    | Dividends from less-than-20%-owned foreign cor   | porations and certain FS                | Cs that are                       |                                       | · {                                     | 1                                       |  |
|      | subject to the 70% deduction   |   |                                   | · · · · · · · · · · · · · · · · · · · | 70                                      | <u> </u>                                |  |
| 7    | Dividends from 20%-or-more-owned foreign corp  | orations and certain FSC                | s that are                        |                                       |   |   |  |
|      | subject to the 80% deduction   |   |                                   |                                       | 80                                      | <del></del>                             | ·                                      |
| 8    | Dividends from wholly owned foreign subsidiaries subject   | to the 100% deduction (sec              | tion 245(b))                      | <u>-</u>                              | 100                                     | L                                       | ·                                      |
| 9    | Total, Add lines 1 through 8. See page 19 of inst  | ructions for limitation                 |                                   | ,-                                    |   | <u> </u>                                | · · · · · · · · · · · · · · · · · · ·  |
| 0    | Dividends from domestic corporations received b  | y a small business inves                | tment                             |                                       |   |   |  |
|      | company operating under the Small Business Inv   | estment Act of 1958                     |                                   |                                       | 100                                     | .l                                      |  |
| 1    | Dividends from affiliated group members and certain FSC  | S that are subject to the 100           | % deduction                       | 1,000,                                | 000 100                                 | 1,                                      | 000,000                                |
| 2    | Dividends from controlled foreign corporations subject to  | the 85% deduction (attach F             | orm 8895)                         |                                       | 85                                      |   |  |
| 3    | Other dividends from foreign corporations not inc  | luded on lines 3, 6, 7, 8,              | or 11                             |                                       |   |   |  |
| 4    | Income from controlled foreign corporations unde   | er subpart F (attach Form               | n(s) 5471)                        |                                       |   | 1                                       |  |
| 5    | Foreign dividend gross-up (section 78)   |   | 1                                 |                                       |   |   | •                                      |
| 8    | IC-DISC and former DISC dividends not included   | on lines 1, 2, or 3 (secti              | on 246(d))                        |                                       |   |   |  |
| 7    | Other dividends  | • |                                   | <del> </del>                          |   |   |  |
| 8    | Deduction for dividends paid on certain preferred  | stock of public utilities               |                                   |                                       | [                                       | <u> </u>                                |  |
| 9    | Total dividends. Add lines 1 through 17. Enter he  | ere and on page 1, line 4               | : ▶ [                             | 1,000,                                | 000                                     | j                                       |  |
| 20   | Total special deductions. Add lines 9, 10, 11, 12  |   |                                   |                                       | <u></u>                                 |   | 000,000                                |
| Sc   | hedule E Compensation of Office  | ers (see instruction                    | s for page 1, li                  | ne 12, on page                        | 13 of instr                             | uctions)                                |  |
|      | Note: Complete Schedule E or   | nly if total receipts (line 1           | a plus lines 4 throu              | igh 10 on page 1) :                   | are \$500,000                           | or more.                                |  |
|      | (a) Name of officer  | (b) Social security number              | (c) Percent of<br>time devoted to | Percent of c                          | concration                              | (f) Amount                              | of compensation                        |
|      | (a) mains or ones.   |   | business                          | (d) Common                            | (e) Preferred                           |   | <u> </u>                               |
|      | SIEGFRIED K HODAPP   | 106-52-9250                             |                                   | 68.000%                               |   |   | 400,000                                |
| 7    | VINCENT PAPA   | 070-38-3201                             | 100.000%                          | 1.000%                                |   | %                                       | 253,500                                |
| 1    | ROBERT A WENOM   | 500-46-1850                             |                                   | %                                     |   | %                                       | 264,688                                |
| 1    | MICHAEL S CORNISH  | 101-58-5760                             | 50.000%                           | %                                     |   | %                                       |  |
|      |  |   | %                                 | %                                     |   | %                                       |  |
| 2    | Total compensation of officers   |   |                                   |                                       |   |   | 918,188                                |
| 3    | Compensation of officers claimed on Schedule A   |   |                                   |                                       |   |   |  |
| 4    | Subtract line 3 from line 2. Enter the result here a   |   |                                   |                                       |   |   | 918,188                                |
| AA   | Consideration of the mile of the property of t |   | <del></del>                       | <del> </del>                          | <del> </del>                            |   | m 1120 (2004)                          |
|      |  |   |                                   |                                       |   | , 01                                    |  |

| Form       | 1120 (2004) ENERGY MERCHANT CORP   |      |       |          | _13-          | -3855-43  |        |                   |             | Pag      | ю 3      |
|------------|--|------|-------|----------|---------------|---|--------|-------------------|-------------|----------|----------|
|            | chedule J Tax Computation (see page 20 of ins  | tru  | ıctic | ns)      |               |   |        |                   |             |          |          |
| 1          | Check if the corporation is a member of a controlled group (see se   |      |       |          | 1 1563)       | <b>&gt;</b>   | П      |                   |             |          |          |
|            | Important: Members of a controlled group, see page 20 of instruct  |      |       |          |               |   |        |                   |             |          |          |
| 2a         | If the box on line 1 is checked, enter the corporation's share of the  | \$50 | 0,000 | , \$25,0 | 00, and \$9   | ,925,000 taxable  |        | 1                 |             |          |          |
|            | income brackets (in that order):   |      |       |          |               |   |        | - 1               |             |          |          |
|            | (1) \$ (2) \$  |      | _]    |          | (3)           | \$  | ╛      | 1                 |             |          |          |
| ь          | Enter the corporation's share of: (1) Additional 5% tax (not more the  | an   | \$11, | 750)     |               | \$  |        |                   |             |          |          |
|            | (2) Additional 3% tax (not more the  | an . | \$100 | (000,    |               | \$  |        | 1                 |             |          |          |
| 3          | Income tax. Check if a qualified personal service corp. under section 448(d)(2                               | Xse  | е рас | e 21)    |               | <b>&gt;</b>   | Π:     | 3                 |             |          | 0        |
| 4          | Alternative minimum tax (attach Form 4626)   |      |       |          |               |   |        | 4                 | 38          | ,83      | 31       |
| 5          | Add lines 3 and 4  |      |       |          |               |   |        | 5                 |             | , 83     | _        |
| 6 <b>a</b> | Foreign tax credit (attach Form 1118)  |      |       |          |               | <b>)</b>  |        |                   |             |          |          |
| ь          | Possessions tax credit (attach Form 5735)  |      |       |          |               |   | 7      | İ                 |             |          |          |
| c          | Check: Nonconventional Source fuel credit QEV credit (att. Form 8834)  |      |       |          |               |   | 7      |                   |             |          |          |
| ď          | General business credit. Check box(es) and Indicate which forms  |      |       |          |               |   | 7      | 1                 |             |          |          |
|            | Form 3800 Form(s) (specify)  |      |       |          | 6d            |   |        | 1                 |             |          |          |
| e          | Credit for prior year minimum tax (attach Form 8827)   |      |       |          |               |   | ]      |                   |             |          |          |
| f          | Qualified zone academy bond credit (attach Form 8860)  |      |       |          |               |   | ]      | - 1               |             |          |          |
| 7          | Total credits. Add lines 6a through 6f   |      |       |          |               |   | Ŀ      |                   |             |          |          |
| 8          |  |      |       |          |               |   |        | В                 | 38          | ,83      | 1        |
| 9          | Personal holding company tax (attach Schedule PH (Form 1120))  |      |       |          |               |   | 9      | 9                 |             |          |          |
| 10         | Other taxes. Check if from: Form 4255 Form 861   |      |       | Form     | 8697          |   | Γ      |                   |             |          |          |
|            | Form 8866 Other (att   | ach  | sche  | edule)   |               |   | L      | 10                |             |          |          |
| 11         | Total tax. Add lines 8 through 10. Enter here and on page 1, line 3  | 1 .  |       |          |               |   | 11     | 11                | 38          | , 83     | 11       |
| Sc         | hedule K Other Information (see page 23 of in  | str  | ictic | ons)     |               | ·····   |        |                   |             |          |          |
| 1          | Check accounting method: a Cash  | Yes  | No    | 7        | At any time   | during the tax year, did one f                                      | oreig  | n person ow       | n, directly | Yes      | No       |
|            | b X Accrual c Other  | l    |       | l        | or indirectly | , at least 25% of (a) the total                                     | votin  | g power of a      | ıtt         | U        |          |
|            | (specify)  | l    |       |          | classes of    | stock of the corporation entitle                                    | d to   | vote or (b) t     | he total    | 1 1      |          |
| 2          | See page 25 of the instructions and enter the:   | l    |       |          | value of all  | classes of stock of the corpor                                      | ation  | i?                |             | $\vdash$ | <u>x</u> |
| a          | Business activity code no. ▶ 541990  |      |       |          | if "Yes," en  | ter: (a) Percentage owned 🕨   |        |                   |             | H        |          |
| b          | Business activity MANAGEMENT   | 1    |       |          | and (b) Ow    | mer's country   |        |                   |             |          |          |
| C          | Product or service ► CONSULTING  | 1    |       | c        | The corpor    | ation may have to file Form 5                                       | 472,   | Information       |             |          |          |
| 3          | At the end of the tax year, did the corporation own, directly or indirectly,                                 | 1    |       |          | Return of a   | 25% Foreign-Owned U.S. Co   | грога  | ation or a        |             |          |          |
|            | 50% or more of the voting stock of a domestic corporation? (For rules of                                     | ١    |       | Ī        | Foreign Co    | rporation Engaged in a U.S. T                                       | rade   | or Business       | S.          |          |          |
|            | attribution, see section 267(c).)  | X    |       | _        |               | per of Forms 5472 attached  | •      |                   |             |          |          |
|            | If "Yes," attach a schedule showing: (a) name and employer identification                                    | Ì    | i '   | В        |               | box if the corporation issued p                                     |        | •                 |             | 1 1      |          |
|            | number (EIN), (b) percentage owned, and (c) taxable income or (loss) before                                  |      |       | 1        |               | nents with original issue disco                                     |        | • • • • • • • • • | • []        | 1 1      |          |
|            | NOL and special deductions of such corporation for the tax year ending with or within your tax year.  STMT 4 | 1    | 1     |          | •             | the corporation may have to t                                       |        | •                 |             | 1 1      |          |
|            |  | •    |       | 9        |               | Publický Offered Original Issue                                     |        |                   | nents.      | 1 1      |          |
| 4          | Is the corporation a subsidiary in an affiliated group or a  |      | x     | 3        |               | mount of tax-exempt Interest a<br>ring the tax year > \$            | BC61/  | AECI OL           | 0           | 1 1      |          |
|            | parent-subsidiary controlled group?  If "Yes," enter name and EiN of the parent corp.                        |      | -     | 10       |               | umber of shareholders at the  |        |                   | 0           | 1 1      |          |
|            | if Tes, enter trains and Enviol the parent corp.   | İ    |       | 10       |               |   |        |                   |             | 1 1      |          |
| 5          | At the end of the tax year, did any individual, partnership,   |      | i     | 11       | If the como   | or fewer) > 5   |        |                   |             | 1 1      |          |
| •          | corporation, estate, or trust own, directly or indirectly,   | l    |       | • • •    |               | forego the carryback period, c                                      | •      |                   | ▶□          |          |          |
|            | 50% or more of the corporation's voting stock? (For rules  | ŀ    |       | Ì        |               | ration is filing a consolidated i                                   |        |                   | L           | } }      |          |
|            | of attribution, see section 267(c).) STMT 5  | x    |       |          | -             | equired by Temporary Regula   |        |                   | 502-21T     | 1        |          |
|            | If "Yes," attach a schedule showing name and Identifying   |      |       |          |               | (ii) must be attached or the ele                                    |        |                   |             | 1 1      |          |
|            | number. (Do not include any information already entered  |      |       | 12       | Enter the ar  | vallable NOL carryover from p                                       | rior t | ax years          | ,           |          |          |
|            | in 4 above.) Enter percentage owned ▶ 68.500   | l    |       |          | (Do not red   | uce it by any deduction on line                                     | •      |                   |             |          |          |
| 6          | During this tax year, did the corp. pay dividends (other than stock dividends                                |      |       |          | 29a.) 🕨 \$    | 8,626,375   | 5      | <b></b>           |             |          |          |
| -          | and distributions in exchange for stock) in excess of the corporation's                                      |      |       | 13       |               | poration's total receipts (line 1                                   |        | ıs lines 4        |             |          |          |
|            | current and accumulated earnings and profits? (See sections 301 and 316.)                                    |      | x     |          | through 10    | on page 1) for the tax year an                                      | d its  | total assets      | <b>;</b>    | 1 1      |          |
|            | If "Yes," file Form 5452, Corporate Report of  |      |       | !        |               | of the tax year less than \$250,                                    |        |                   |             |          | X        |
|            | Nondividend Distributions.   |      |       |          |               | corporation is not required to                                      |        |                   |             | 口        |          |
|            | If this is a consolidated return, answer here for the parent   |      |       |          | Schedules     | L, M-1, and M-2 on page 4. In                                       | steac  | d, enter the      |             |          |          |
|            | corporation and on Form 851, Affiliations Schedule, for  |      | ]     |          |               | nt of cash distributions and the<br>stributions (other than cash) m |        |                   | av.         |          |          |
|            |  |      |       |          | year. ▶\$     | emonions (other man casu) m   | aut (  | consig use to     | 24          | 1 1      |          |
|            | each subsidiary.   | Ц    | لنا   | 1        | jual. F       |   |        |                   |             | البا     |          |

| Sc            | hedule L   | Balance Sheets per Books   |                      | of tax year  |   | tax year                              |  |  |
|---------------|--|--|----------------------|--|---|---------------------------------------|--|--|
|               |  | Assets   | (a)                  | (b)  | (c)   | (d)                                   |  |  |
| t             | Cash   |  |                      | 485,929  |   | 240,208                               |  |  |
| 2a            | Trade notes a  | ind accounts receivable  |                      |  |   |                                       |  |  |
| b             |  | e for bad debts  |                      |  |   |                                       |  |  |
| 3             |  |  | ·                    |  |   |                                       |  |  |
| 4             |  | ent obligations  |                      |  |   |                                       |  |  |
| 5             | _  | ecurities (see instructions)                                       |                      |  |   |                                       |  |  |
| 6             |  | assets (att. sch.) STMT 6  |                      | 2,426,276  |   | 7,849,530                             |  |  |
| 7             |  | eholders   | <b>,</b>             |  |   | · · · · · · · · · · · · · · · · · · · |  |  |
| 8             |  | real estate loans  |                      |  |   |                                       |  |  |
| 9             |  | ents (attach sch.) STMT 7  |                      | -538,185   |   | 1,256,715                             |  |  |
| 10a           |  | other depreciable assets   | 590,258              |  | 590,258   |                                       |  |  |
| b             |  | ated depreciation  | 301,496              | 288,762  | 389,216   | 201,042                               |  |  |
| 11a           |  | sets   |                      |  | 222/223   |                                       |  |  |
|               |  | ated depletion   |                      |  |   |                                       |  |  |
| , b<br>12     |  | ny amortization)   |                      |  |   | · · · · · · · · · · · · · · · · · · · |  |  |
| 12<br>13a     |  | ets (amortizable only)   |                      |  | ,   |                                       |  |  |
| b             |  | ated amortization  |                      | <u> </u>   |   |                                       |  |  |
| 14            |  | attach sch.) STMT 8  |                      | 155,699  |   | 155,699                               |  |  |
| 15            | Total assets   | pada 301.,   | [                    | 2,818,481  |   | 9,703,194                             |  |  |
| 15            |  | d Shareholders' Equity   |                      | 2,020,102  |   | 27.00745.                             |  |  |
| 4.0           | Accounts paya  | 6.4.   |                      | 3,689,260  |   | 3,370,231                             |  |  |
| 16            |  |  |                      | 3,003,200  |   | 3/3/0/231                             |  |  |
| 17            |  | s, bonds payable in less than 1 year                               |                      | 87,242   |   | 5,458,827                             |  |  |
| 18            | Omer current   | liabilities STMT 9   |                      | 230,000  |   | 3/430,047                             |  |  |
| 19            |  | areholders   | ì                    | 8,487,170  |   | 8,487,170                             |  |  |
| 20            |  | s, bonds payable in 1 year or more                                 | }                    | ,0,407,170   |   | 0,407,170                             |  |  |
| 21            |  | s (attach schedule)  |                      |  |   |                                       |  |  |
| 22            | Capital stock:   | a Preferred stock b Common stock                                   | 3,350,000            | 3,350,000  | 3,350,000   | 3,350,000                             |  |  |
|               |  |  | 3/330/000            | 349,700  | 3,330,000   | 349,700                               |  |  |
| 23            |  | I-in capital   |                      | 345,700  | ŀ   | 343,100                               |  |  |
| 24            |  | rs-Appropriated<br>Ings-Unappropriated                             | ]                    | -12,674,891  | }   | -10,612,734                           |  |  |
| 25            |  |  | }                    | 12,014,051   | •   | -10,014,134                           |  |  |
| 26<br>        |  | H equity (att.sch.)  | i l                  | 700 000  | · · · · · · · · · · · · · · · · · · ·                                 | 700 000                               |  |  |
| 27            |  | easury stock   |                      | 700,000  | }   | 700,000<br>9,703,194                  |  |  |
|               |  | and shareholders' equity   | 1                    | 2,818,481  | 2 (   |                                       |  |  |
|               | hedule M-1   |  | come (Loss) per Boo  |  |   | 4 or instructions)                    |  |  |
|               | Net income (los  |  |                      | 7 Income recorded on b   |   |                                       |  |  |
|               |  | tax per books  |                      | included on this return  |   |                                       |  |  |
|               | •  | al losses over capital gains                                       |                      | Tax-exempt interest→   |   |                                       |  |  |
|               | •  | to tax not recorded on books                                       |                      |  |   |                                       |  |  |
|               | mis year (itemi  | ze):   | ·                    |  |   |                                       |  |  |
|               |  |  |                      | 8 Deductions on this ref   | • ,   |                                       |  |  |
|               | •  | rded on books this year not  |                      | against book income  | · · · · · · · · · · · · · · · · · · ·                                 |                                       |  |  |
| 1             |  | Is return (itemize):   |                      |  |   |                                       |  |  |
|               | Depreciation   | <b>\$</b>  | .                    | b Charitable 5   |   |                                       |  |  |
| a             | Chadtable  |  |                      |  |   |                                       |  |  |
| b             | Charitable contributions   | \$   | · ·                  |  |   |                                       |  |  |
| b<br>c        | Charitable contributions   | •  | ·                    |  |   |                                       |  |  |
| b<br>c        | Charitable contributions   |  |                      | 9 Add lines 7 and 8  |   |                                       |  |  |
| ь<br>с<br>6   | Charitable contributions   | \$<br>bugh 5   |                      | 9 Add lines 7 and 8<br>10 Income (page 1, line 2   | 28)-line 6 less line 9  |                                       |  |  |
| b<br>c<br>6   | Charitable contributions. Travel and entertainment.  Add lines 1 through the charitant in t | Sugh 5<br>Analysis of Unappro                                      | priated Retained Ea  | 9 Add lines 7 and 8<br>10 Income (page 1, line 2<br>rnings per Books (L  | 28)-line 6 less line 9<br>ine 25, Schedule L)                         |                                       |  |  |
| b<br>c<br>6   | Charitable contributions. Travel and entertainment.  Add lines 1 through the charitant in t | \$<br>bugh 5   | opriated Retained Ea | 9 Add lines 7 and 8<br>10 Income (page 1, line 2<br>rnings per Books (L  | 28)-line 6 less line 9  |                                       |  |  |
| 6 .<br>Sc 1 . | Charliable contributions . Travel and entertainment . Add lines 1 through the contribution in the contribu | Sugh 5  Analysis of Unapproining of year ss) per books             | priated Retained Ea  | 9 Add lines 7 and 8 10 Income (page 1, line 2 rnings per Books (L 5 Distributions: a 6 b 5   | 28)-line 6 less line 9<br>ine 25, Schedule L)<br>Cash                 |                                       |  |  |
| 6 .<br>Sc 1 . | Charliable contributions . Travel and entertainment . Add lines 1 through the contribution in the contribu | Sugh 5  Analysis of Unapproinning of year                          | opriated Retained Ea | 9 Add lines 7 and 8 10 Income (page 1, line 2 rnings per Books (L 5 Distributions: a 6 b 5   | 28)-line 6 less line 9<br>ine 25, Schedule L)<br>Cash                 |                                       |  |  |
| 6 .<br>Sc 1 . | Charitable contributions . Travel and entertainment . Add lines 1 through the contribution . Add lines 1 through edule M-2 . Balance at beginner increases . Other increases.  | Sugh 5 Analysis of Unapproining of year ss) per books s (ilemize): | opriated Retained Ea | 9 Add lines 7 and 8 10 Income (page 1, line 2 Irmings per Books (L 5 Distributions: a C b S c F  | ine 25, Schedule L) Cash Clock Property                               |                                       |  |  |
| 6 .<br>Sc 1 . | Charliable contributions . Travel and entertainment . Add lines 1 through the contribution . Add lines at beginner at beginner to the contribution . Other increases   | Sugh 5 Analysis of Unapproining of year as) per books a (ilemize): | opriated Retained Ea | 9 Add lines 7 and 8 10 Income (page 1, line 2 Irmings per Books (L 5 Distributions: a C b S c F  | 28)-line 6 less line 9<br>ine 25, Schedule L)<br>Cash                 |                                       |  |  |
| 6 Scl         | Charitable contributions. Travel and entertainment.  Add lines 1 through the dule M-2.  Balance at begine the contribution of  | Sugh 5 Analysis of Unapproining of year ss) per books s (ilemize): | opriated Retained Ea | 9 Add lines 7 and 8 10 Income (page 1, line 2 Imings per Books (L 5 Distributions: a C b S c F 6 Other decreases (iter 7 Add lines 5 and 6 | 28)-line 6 less line 9 ine 25, Schedule L) Cash Stock Property nize): | -10,612,734                           |  |  |

Form 4626

# Cernative Minimum Tax-Corporations

► See separate instructions.

OMB No. 1545-0175

Department of the Treasury Internal Revenue Service

➤ Attach to the corporation's tax return.

2004

| Nam | NERGY MERCHANT CORP  |             |        |               |     | ntification number<br>5623             |
|-----|--|-------------|--------|---------------|-----|--|
|     | Note: See page 1 of the instructions to find out if the corporation is a small corporation   | exempt      |        | <del></del> - | -   |  |
|     | from the alternative minimum tax (AMT) under section 55(e).  |             |        | l             | Ì   |  |
| 1   | Taxable income or (loss) before net operating loss deduction   |             |        | [             | 1   | 2,188,437                              |
| 2   | Adjustments and preferences:   |             |        |               |     |  |
| a   | Depreciation of post-1986 property   |             |        | · }           | 2a  | -15,205                                |
| b   | Amortization of certified pollution control facilities   |             |        |               | 2b  |  |
| c   | Amortization of mining exploration and development costs   |             |        |               | 2c  |  |
| d   | Amortization of circulation expenditures (personal holding companies only)   |             |        |               | 2d  |  |
| •   | Adjusted gain or loss  |             |        |               | 20  |  |
| f   | Long-term contracts  |             |        | i             | 2f  |  |
| g.  | Merchant marine capital construction funds   |             |        |               | 2g  |  |
| h   | Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only   |             |        |               | 2h  |  |
| 1   | Tax shelter farm activities (personal service corporations only)   |             |        |               | 21  |  |
| i   | Passive activities (closely held corporations and personal service corporations only)  |             |        | ···· [        | 21  |  |
| k   | Loss limitations   |             |        |               | 2k  |  |
|     | Depletion  |             |        |               | 21  |  |
| m   | Tax-exempt interest income from specified private activity bonds   |             |        | ···· Г        | 2m  |  |
| n   | Intangible drilling costs  |             |        |               | 2n  | ······································ |
| 0   | Other adjustments and preferences  |             |        | ····          | 20  |  |
| 3   | Pre-adjustment alternative minimum taxable income (AMTI). Combine lines 1 through  | 20          |        | ···· [        | 3   | 2,173,232                              |
| 4   | Adjusted current earnings (ACE) adjustment:  |             |        |               |     |  |
| a   | ACE from line 10 of the worksheet on page 11 of the instructions   | 4a          | 2,173, | 232           | - 1 |  |
| ь   | Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a   |             |        |               | Í   |  |
| •   | negative amount. See examples on page 6 of the instructions  | 4b          |        | 1             | - 1 |  |
|     | Multiply line 4b by 75% (.75). Enter the result as a positive amount   | 4c          |        |               |     | e ·                                    |
| ď   | Enter the excess, if any, of the corporation's total increases in AMTI from prior  |             |        |               | j   |  |
| •   | year ACE adjustments over its total reductions in AMTI from prior year ACE   |             |        | ].            | .   |  |
|     | adjustments (see page 6 of the instructions). Note: You must enter an amount   |             |        | 1             | Í   |  |
|     | on line 4d (even if line 4b is positive)   | 44          |        | 0             | - 1 |  |
|     | of the state of th |             |        |               | - 1 | •                                      |
|     | ACE adjustment:  |             |        | }             |     |  |
| •   | If line 4b is zero or more, enter the amount from line 4c  | 7           |        |               | 1   |  |
|     | If line 4b is less than zero, enter the smaller of line 4c or line 4d as a negative amount   | ount .      |        | }             | 40  |  |
|     | 1 m/v 15 12 13 15 15 15 15 15 15 15 15 15 15 15 15 15  |             |        |               |     |  |
| 5   | Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe any A   | MT          |        | }             | 5   | 2,173,232                              |
| 6   | Alternative tax net operating loss deduction (see page 7 of the  |             |        | ···· ├        |     |  |
| ·   | instructions   |             |        | ł             | 6   | 1,955,909                              |
| 7   | Alternative minimum taxable income. Subtract line 6 from line 5. If the corporation he   |             |        | ····          |     |  |
| •   | Interest in a REMIC, see page 7 of the instructions  |             |        | 1             | 7   | 217,323                                |
| 8   | Exemption phase-out (if line 7 is \$310,000 or more, skip lines 8a and 8b and enter -0   |             |        | ····          | -   |  |
| a   | Subtract \$150,000 from line 7 (if completing this line for a member of a controlled   |             |        | Ţ             | ļ   |  |
| •   | group, see page 7 of the instructions).  |             |        |               | - 1 |  |
|     |  | 8a          | 67,    | 323           | l   |  |
| _   |  |             | 16,    | B31           | - 1 | •                                      |
| ь   | Multiply line 8a by 25% (.25)  Exemption. Subtract line 8b from \$40,000 (if completing this line for a member of a con  | otrollad ar |        |               | - 1 |  |
| С   | ·  |             |        | 1             |     | 22 160                                 |
|     | see page 7 of the instructions). If zero or less, enter -0-  |             |        | ····          | 8c  | 23,169<br>194,154                      |
| 9   | Subtract line 8c from line 7. If zero or less, enter -0-   |             |        |               | 9   |  |
| 10  | Multiply line 9 by 20% (.20)   |             |        |               | 10  | 38,831                                 |
| 11  | Alternative minimum tax foreign tax credit (AMTFTC) (see page 7 of the instructions)   |             |        | ···- }-       | 11  | 77 674                                 |
| 12  | Tentative minimum tax. Subtract line 11 from line 10   |             |        |               | 12  | 38,831                                 |
| 13  | Regular tax liability before all credits except the foreign tax credit and possessions tax   |             |        | }-            | 13  | 0                                      |
| 14  | Alternative minimum tax. Subtract line 13 from line 12. If zero or less, enter -0-, Enter  |             |        |               | - 1 |  |
|     | Form 1120, Schedule J, line 4, or the appropriate line of the corporation's income tax r   | elum        |        |               | 14  | 38,831                                 |
| E 1 | Panarwork Reduction Act Notice, see nage 10 of the instructions  |             |        |               |     | Form 4626 (2004)                       |

Form 851
(Rev. December 2003)
Department of the Treasury
Internal Revenue Service

#### **Affiliations Schedule**

File with each consolidated income tax return.

Tax year ending 12/31/04

OMB No. 1545-0025

Name of common parent corporation

ENERGY MERCHANT CORP

Employer identification number 13-3855623

Number, street, and room or suite no. (If a P.O. box, see instructions.)

126 EAST 56TH ST., 33FLOOR

City or town, state, and ZIP code
NEW YORK

| 3777 | 7 | Λ | n | • | 1 |
|------|---|---|---|---|---|
| NY   | _ | 0 | u | 4 | 4 |

Totals (Must equal amounts shown on the consolidated tax return.)

| Part         | Overpayment Credits, Estimated Tax Payments,                                     | and Tax Deposits                      | See instructions.)   |   |
|--------------|--|---------------------------------------|--|---|
| Corp.<br>No. | Name and address of corporation  | Ernployer<br>identification<br>number | Portion of<br>overpayment credits<br>and estimated<br>tax payments | Portion of tax<br>deposited with<br>Form 7004 |
| 1            | Common parent corporation  |                                       | 0  | (   |
|              | Subsidiary corporations:  POWERINE OIL COMPANY  126 E 56TH ST, 33 FLOOR          | ·                                     |  |   |
| 2            | NEW YORK NY 10022  | 95-4564080                            | ·  |   |
| 3            | ANGLO PETROLEUM CORPORATION 126 E 56TH ST, 33 FLOOR NEW YORK NY 10022            | 95-4059009                            |  | ·   |
|              | CORPORATE DEVELOPMENT INC<br>126 E 56TH ST, 33 FLOOR                             |                                       |  |   |
| 4            | NEW YORK NY 10022  | 13-3817433                            |  |   |
| 5            | ENERGY MERCHANT HOLDING INC<br>126 EAST 56TH ST, 33RD FLOOR<br>NEW YORK NY 10022 | 13-4104912                            |  |   |
|              |  |                                       |  |   |
|              |  |                                       | -  |   |
|              |  |                                       | é  |   |
|              | <u> </u>   |                                       | · · · · · · · · · · · · · · · · · · ·                              |   |

| Part  | I Principal Business Activity         |             |                          |        |                                     | ructions.)              |                  |                          |  |  |  |
|-------|---------------------------------------|-------------|--------------------------|--------|-------------------------------------|-------------------------|------------------|--------------------------|--|--|--|
| Согр. | Principal business activity (PBA)     | PBA         | Did the su<br>make any n |        | Stock holdings at beginning of year |                         |                  |                          |  |  |  |
| No.   | ( incopal seems accordy ( stry        | Code<br>No. | distribu<br>Yes          | tions7 | Number<br>of<br>shares              | Percent of voting power | Percent of value | Owned by corporation no. |  |  |  |
| 1     | Common parent corporation: MANAGEMENT | 541990      |                          | 1.0    |                                     |                         |                  |                          |  |  |  |
| 2     | Subsidiary corporations:<br>REFINERY  | 324110      |                          | х      | 100                                 | 100.00%                 | 100.00%          | 1                        |  |  |  |
| 3     | PETROLEUM DEALER                      | 424700      |                          | х      | 100                                 | 100.00%                 | 100.00%          | 1                        |  |  |  |
| 4     | HOLDING COMPANY                       | 551112      |                          | х      | 100                                 | 100.00%                 | 100.00%          | 1                        |  |  |  |
| 5     | HOLDING COMPANY                       | 525990      | х                        |        | 500                                 | 100.00%                 | 100.00%          | 1                        |  |  |  |
|       |                                       |             |                          |        |                                     | %                       | <u> </u>         |                          |  |  |  |
|       |                                       |             |                          |        |                                     | %                       | %                |                          |  |  |  |
|       | · · · ·                               |             |                          |        |                                     | %                       | %                |                          |  |  |  |

0

| Form 85       | 1 (Rev. 12-2003) ENERGY MERCHT CORP   |  |   | 13-30                                 | J5623                              |                                | Page 2                                  |
|---------------|---|--|---|---------------------------------------|------------------------------------|--------------------------------|---|
| Part          |   | Tax Year                               |   |                                       |                                    |                                |   |
|               |   | Share-<br>holder                       | Date                                    | (a) C                                 | hanges                             | (b) Share<br>changes o<br>colu | is held after<br>described in<br>mn (a) |
| Corp.<br>No.  | Name of corporation   | of<br>Corpo-<br>ration<br>No.          | of<br>transaction                       | Number of shares acquired             | Number of<br>shares<br>disposed of | Percent of voting power        | Percent of value                        |
|               |   |  |   |                                       |                                    | %                              | <u>%</u>                                |
|               | ·   |  |   |                                       |                                    | %                              | %                                       |
|               |   |  |   |                                       |                                    | %                              | %                                       |
|               |   |  |   |                                       |                                    | %                              | %                                       |
|               |   |  |   |                                       |                                    | %                              |   |
|               |   |  |   |                                       |                                    | 79                             | <u>%</u>                                |
|               |   | 1                                      |   |                                       |                                    | 76                             | <u>%</u>                                |
|               |   | 1 1                                    |   |                                       |                                    | *                              | <u>*</u>                                |
|               |   | <del></del>                            | *************************************** | - <del>Ln</del>                       | <del></del>                        | %                              |   |
| the           | the group claiming a loss recognized on the disposition of the<br>instructions for details, including the statements that must be<br>the equitable owners of any capital stock shown above were o | e attached                             | •                                       |                                       |                                    |                                | Yes No                                  |
| <del></del>   |   |  |   | · .                                   |                                    |                                |   |
|               |   |  |   | · · · · · · · · · · · · · · · · · · · |                                    |                                |   |
|               |   |  |   |                                       |                                    |                                |   |
| ·             |   | ·                                      |   |                                       |                                    |                                |   |
| f) Ifa        | additional stock was issued, or if any stock was retired during   | the year, li                           | st the dates and                        | amounts of I                          | these transac                      | tions.                         |   |
| <del></del>   |   |  |   |                                       |                                    |                                | · ·                                     |
| <del></del>   |   |  |   |                                       |                                    |                                |   |
| <del></del> - |   |  |   |                                       |                                    |                                |   |
|               |   | <del></del>                            |   | <u> </u>                              |                                    |                                |   |
| <del></del>   |   | ······································ |   |                                       | <del></del>                        | Form 8                         | 351 (Rev. 12-2003)                      |

|              | 851 (Rev. 12-2003) ENERGY MERCH. I CORP   | <del></del>    | 13−3℃」      | 5623           | Page                  |
|--------------|---|----------------|-------------|----------------|-----------------------|
|              | t IV Additional Stock Information (See instructions   |                |             |                |                       |
|              | During the tax year, did the corporation have more than one class of six  |                | 13          |                | Yes X No              |
|              | if "Yes," enter the name of the corporation and list and describe each of   | lass of stock. |             |                |                       |
| Corp.<br>No. | Name of corporation   |                |             | Class of Stock |                       |
|              |   |                |             |                |                       |
|              |   |                |             |                |                       |
|              |   |                |             |                |                       |
|              |   |                | <del></del> |                |                       |
|              | During the tax year, was there any member of the consolidated group to nonths of disaffiliation?  |                |             |                | Yes X No              |
| - 11         | f "Yes," enter the name of the corporation(s) and explain the circumstant   | nces.          |             |                |                       |
| Corp.<br>No. | Name of corporation   |                |             | Explanation    |                       |
|              |   |                |             |                |                       |
|              |   |                |             |                |                       |
|              |   |                |             |                |                       |
|              | •   | 1              | •           |                |                       |
| o<br>11      | without acquiring stock, in the corporation, other than a de minimis amouther member of the affiliated group?  I "Yes," enter the name of the corporation and see the instructions for wind 3d. |                |             |                | Yes X No              |
| Zorp.<br>No. | Name of corporation   |                | Item 3a     | item 3b        | Item 3c               |
|              |   |                | %           | *              | 9                     |
|              |   |                | **          | %              | 9                     |
|              |   |                | 74          | %              | 9                     |
|              |   |                | %           | %              |                       |
| orp.<br>No.  | Item 3d-Provide a description of any arrangement.   |                |             |                | ·                     |
|              |   |                |             |                |                       |
|              |   |                |             |                |                       |
|              |   | <del></del>    |             |                |                       |
|              |   |                |             |                |                       |
|              |   |                |             | Fo             | orm 851 (Rev. 12-2003 |

#### SCHEDULE D

(Form 1120)

Department of the Treasury Internal Revenue Service

#### Capital Gains and Losses

Attach to Form 1120, 1120-A, 1120-F, 1120-FSC, 1120-H, 1120-IC-DISC, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, 990-C, or certain Forms 990-T.

OMB No. 1545-0123

2004

Employer identification number ENERGY MERCHANT CORP 13-3855623 Short-Term Capital Gains and Losses-Assets Held One Year or Less Part I (e) Cost or other (a) Description of property (b) Date acquired (c) Date sold (d) Sales price (f) Gain or (loss) basis (see (Example: 100 shares of Z Co.) (see instructions) (mo., day, yr.) (mo., day, yr.) (Subtract (e) from (d)) instructions) 2 Short-term capital gain from installment sales from Form 6252, line 26 or 37 3 Short-term gain or (loss) from like-kind exchanges from Form 8824 3 4 Unused capital loss carryover (attach computation) 4 5 Net short-term capital gain or (loss). Combine lines 1 through 4. 5 Long-Term Capital Gains and Losses-Assets Held More Than One Year RMC CAPITAL CORP 3/01/04 1,000,000 VARIOUS 1,000,000 PASS THROUGH ENTITY (SCH K-1) 4,918,000 7 Enter gain from Form 4797, line 7 or 9 8 Long-term capital gain from installment sales from Form 6252, line 26 or 37 8 9 Long-term gain or (loss) from like-kind exchanges from Form 8824 9 10 Capital gain distributions (see instructions) 10 11 Net long-term capital gain or (loss). Combine lines 6 through 10 5,918,000 11 Summary of Parts I and II 12 Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 11) Net capital gain. Enter excess of net long-term capital gain (line 11) over net short-term capital 5,918,000 13 14 Add lines 12 and 13. Enter here and on Form 1120, page 1, line 8, or the proper line on other 5,918,000

Note: If losses exceed gains, see Capital losses on page 2.

SCHEDULE M-3 (Form 1120)

# Net In me (Loss) Reconciliation for Col, orations With Total Assets of \$10 Million or More

➤ Attach to Form 1120.
➤ See separate instructions.

2004

Department of the Treasury Internal Revenue Service

Name of corporation (common parent, if consolidated return)

ENERGY MERCHANT CORP

Employer Identification number 13 – 3855623

| Pa | rt I Financial Information and Net Income (Loss) Reconciliation  |      |             |
|----|--|------|-------------|
| ta | Did the corporation file SEC Form 10-K for its income statement period ending with or within this tax year?  |      |             |
|    | Yes. Skip lines 1b and 1c and complete lines 2a through 11 with respect to that SEC Form 10-K.   |      |             |
|    | No. Go to line 1b.   |      |             |
| ь  | Did the corporation prepare a certified audited income statement for that period?  Yes. Skip line 1c and complete lines 2a through 11 with respect to that Income statement. |      |             |
|    | X No. Go to line 1c.   |      |             |
| c  | Did the corporation prepare an income statement for that period?   |      |             |
|    | X Yes. Complete lines 2a through 11 with respect to that income statement. STMT 10   |      |             |
|    | No. Skip lines 2a through 10 and enter the corporation's net income (loss) per its books and records on line 11.   |      |             |
| 22 | Enter the Income statement period: Beginning 1/01/04 Ending 12/31/04   |      |             |
|    | Has the corporation's income statement been restated for the income statement period on line 2a?   |      | ,           |
| _  | Yes. (If "Yes," attach an explanation and the amount of each Item restated.)   |      | •           |
|    | No.  |      | •           |
| c  | Has the corporation's income statement been restated for any of the five income statement periods preceeding the per   | riod |             |
|    | on line 2a?  |      |             |
|    | Yes. (If "Yes," attach an explanation and the amount of each Item restated.)  No.  |      |             |
| 3a | is any of the corporation's voting common stock publicly traded?   |      |             |
|    | Yes.   |      | :           |
|    | No. If "No," go to line 4.   |      |             |
| ь  | Enter the symbol of the corporation's primary U.S. publicly traded voting common   |      |             |
|    | stock  |      |             |
| c  | Enter the nine-digit CUSIP number of the corporation's primary publicly traded voting common stock   |      |             |
|    | common stock   |      |             |
| 4  | Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1   | 4    |             |
| 5a | Net income from nonincludible foreign entities (attach schedule)   | 5a   | (<br>(      |
|    |  |      |             |
| b  | Net loss from nonincludible foreign entities (attach schedule and enter as a positive amount)  | 5b   |             |
| 6- | Net income from nonincludible U.S. entities (attach schedule)  | 6a   | ,           |
| 04 | Net income from nonincludible U.S. entities (attach schedule)  | -    | ·           |
| b  | Net loss from nonincludible U.S. entities (attach schedule and enter as a positive amount)   | 6b   |             |
|    |  |      |             |
| 7a | Net income of other includible corporations (attach schedule)  | 7a   |             |
| h  | Net loss of other includible corporations (attach schedule)  | 7b   |             |
| •  |  |      | ·           |
| 8  | Adjustment to eliminations of transactions between includible corporations and nonincludible entities  |      |             |
|    | (attach schedule)  | 8    |             |
| _  | A 11 - A A A   |      |             |
| 9  | Adjustment to reconcile income statement period to tax year (attach schedule)  | 9    |             |
| 10 | Other adjustments to reconcile to amount on line 11 (attach schedule)  | 10   |             |
|    |  |      | <del></del> |
| 11 | Net income (loss) per income statement of includible corporations. Combine lines 4 through   |      |             |
|    | 10 STMT 11   | 11   | 2,062,157   |

ENERGY MERCHANT CORP

(CON)

Employer identification number 13-3855623

Name of subsidiary (if consolidated return)

Employer identification number

| Part II Reconciliation of Net Income Taxable Income per Return  | e (Loss) per income S                             | Statement of Includi           | ble Corporations W             | ith   |
|---|---|--------------------------------|--------------------------------|---|
| income (Loss) Items   | (a) income (Loss) per income Statement (optional) | (b)<br>Temporary<br>Difference | (c)<br>Pennanent<br>Difference | (d)<br>Income (Loss) per<br>Tax Retum<br>(optional) |
| 1 Income (loss) from equity method foreign  | (орилы)   |                                |                                | (opaoriai)  |
| corporations 2 Gross foreign dividends not previously   |   |                                |                                |   |
| taxed  3 Subpart F, QEF, and similar income inclusions  |   |                                |                                |   |
|   | -   | <del></del>                    |                                |   |
| 4 Section 78 gross-up 5 Gross foreign distributions previously taxed  |   |                                |                                |   |
| 6 Income (loss) from equity method U.S. corporations STMT 12  | 3,542,287   | ·                              | -3,542,287                     |   |
| 7 U.S. dividends not eliminated in tax consolidation STMT 1.3   |   |                                | 3,542,287                      | 3,542,287   |
| 8 Minority Interest for includible corp.  | ,,  |                                |                                |   |
| Income (loss) from U.S. partnerships (attach schedule)  Income (loss) from foreign partnerships (attach)  |   |                                |                                |   |
| schedule)   |   |                                |                                |   |
| 11 Income (loss) from other pass-through entities (attach schedule)   |   |                                |                                |   |
| 12 Items relating to reportable transactions (attach details)   |   |                                |                                |   |
| 13 Interest income  |   |                                | <del>`</del>                   | <del></del>   |
| 4 Total accrual to cash adjustment  |   |                                |                                | ·   |
| 15 Hedging transactions   |   |                                |                                |   |
| 6 Mark-to-market income (loss)  |   | <del></del>                    |                                |   |
| 7 Inventory valuation adjustments   |   |                                |                                | · · · · · · · · · · · · · · · · · · ·               |
| 18 Sale versus lease (for sellers and/or lessors)   |   |                                |                                | <del></del>   |
| 19 Section 481(a) adjustments   |   | <del>-</del>                   |                                | <del> </del>  |
| 20 Uneamed/deferred revenue   |   |                                |                                |   |
| 21 Income recognition from long-term contracts  |   |                                |                                |   |
| 22 Original issue discount and other imputed interest   |   |                                |                                |   |
| 23a Income statement gain/loss on sale, exchange,<br>abandonment, worthlessness, or other disposition of<br>assets other than inventory and flow-through entitles | ·   |                                |                                |   |
| 23b Gross capital gains from Schedule D, excluding amounts from flow-through entities   |   |                                | 1,000,000                      | 1,000,000   |
| 23c Gross capital losses from Schedule D, excluding amounts from flow-through entities, abandonment losses, and worthless stock losses                            |   |                                |                                |   |
| 23d Net gain/loss reported on Form 4797, line 17, excluding amounts from flow-through entitles, abandonment losses, and worthless stock losses                    |   |                                |                                |   |
| 23e Abandonment losses  |   |                                |                                |   |
| 23f Worthless stock losses (att. details)   |   |                                |                                |   |
| 23g Other gain/loss on disposition of assets other than inv.  |   |                                |                                | ····  |
| 24 Disallowed capital loss in excess of capital gains   | -   |                                |                                | <del></del>   |
| 25 Utilization of capital loss carryforward   |   |                                |                                |   |
| 26 Other inc. (loss) items with diff.   |   |                                |                                | ·   |
| 27 Total income (loss) items. Combine lines 1 through 26  | 3,542,287   |                                | 1,000,000                      | 4,542,28  |
| 28 Total expense/deduction items (from Part III, line 36)   | -244,253  | 49,127                         | 77,153                         | -117,973  |
| 29 Other income (loss) and expense/deduction items with no differences  | -1,235,877  |                                |                                | -1,235,877  |
| Reconciliation totals. Combine lines 27 through 29  | 2,062,157   | 49,127                         | 1,077,153                      | 3,188,437   |
| Note, Line 30, column (a), must equal the amoun   | t on Part I, line 11, and colu                    | mn (d) must equal Form 1       |                                | le M-3 (Form 1120) 20                               |

ENERGY MERCHANT CORP

(CON)

Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable

Employer identification number

13-3855623

Name of subsidiary (if consolidated return)

Part III

Employer identification number

Income per Return-Expense/Deduction Items (d) (c) Permanent **(b)** Expense per Deduction per Expense/Deduction Items Temporary Income Statement Tax Return Difference Difference (optional) (Isnottonal) 1 U.S. current income tax expense 2 U.S. deferred income tax expense 3 State and local current income tax expense State and local deferred income tax expense Foreign current income tax expense (other than foreign withholding taxes) 6 Foreign deferred income tax expense ...... Foreign withholding taxes Incentive stock options Nonqualified stock options ..... Other equity-based compensation Meals and entertainment 153,508 -77,153 76,355 Fines and penalties Punitive damages Parachute payments Compensation with section 162(m) limitation 16 Pension and profit-sharing 17 Other post-retirement benefits 18 Deferred compensation 19 Charitable contribution of cash and tangible property 20 Charitable contribution of intangible property 21 Charitable contribution limitation 22 Charitable contribution carryforward used 23 Current year acquisition or reorganization Investment banking fees 24 Current year acquisition or reorganization legal and accounting fees 25 Current year acquisition/reorganization other costs 26 Amortization/impairment of goodwill 27 Amortization of acquisition, reorganization, and start-up costs 28 Other amortization or impairment write-offs 29 Section 198 environmental remediation costs 30 Depletion 90,745 -49,127 41,618 Depreciation

244,253

-49,127

Schedule M-3 (Form 1120) 2004

117,973

-77,153

Bad debt expense

(attach schedule)

33 Corporate owned life insurance premiums
34 Purchase versus lease (for purchasers and/or lessees)
35 Other expense/deduction items with differences

36 Total expense/deduction items. Combine lines

1 through 35. Enter here and on Part II, line 28

ENERGY MERCHANT CORP

(PAR)

Employer identification number

13-3855623

Name of subsidiary (if consolidated return)

Employer identification number

| P   | art II Reconciliation of Net Incom<br>Taxable Income per Return   | e (Loss) per income  | Statement of include           | dible Corporations W          | îth  |
|-----|---|--|--------------------------------|-------------------------------|--|
|     | Income (Loss) Items   | (a)<br>Income (Loss) per<br>Income Statement<br>(optional) | (b)<br>Temporary<br>Difference | (c)<br>Permanent<br>Otherence | (d)<br>Income (Loss) per<br>Tax Return<br>(optional) |
| 1   | Income (loss) from equity method foreign  | (opacina)  |                                |                               | (ормона)   |
| 2   | corporations  Gross foreign dividends not previously taxed  |  |                                |                               |  |
| 3   | taxed<br>Subpart F, QEF, and similar Income<br>inclusions   |  |                                |                               | <del></del>  |
|     | Section 78 gross-up   | ,  |                                |                               |  |
| 5   | Gross foreign distributions previously  |  |                                |                               | <u></u>  |
| 6   | income (lass) from equity method U.S. corporations STMT 14  | 3,542,287  |                                | -3,542,287                    |  |
| 7,  | U.S. dividends not eliminated in tax consolidation STMT 1.5   |  |                                | 1,000,000                     | 1,000,000  |
| 8   | Minority interest for includible corp.  |  |                                |                               |  |
| 9   | income (loss) from U.S. partnerships (attach<br>schedule)<br>Income (loss) from foreign partnerships (attach  |  |                                |                               |  |
|     | schedule)   |  |                                |                               |  |
|     | Income (loss) from other pass-through entities (attach schedule)  |  |                                |                               |  |
|     | Items relating to reportable transactions (attach details)  |  |                                |                               |  |
| 13  | Interest income   |  |                                |                               |  |
|     | Total accrual to cash adjustment  |  | <del></del>                    |                               | <del></del>  |
|     | Hedging transactions  | ·····  |                                |                               | <del> </del>   |
|     | Mark-to-market income (loss)  |  |                                |                               |  |
|     | Inventory valuation adjustments   |  |                                |                               |  |
| 18  | Sale versus lease (for sellers and/or lessors)  |  |                                |                               | ·  |
| 9   | Section 481(a) adjustments  |  |                                |                               |  |
| 20  | Unearned/deferred revenue   | ·  |                                |                               |  |
| 21  | Income recognition from long-term contracts   |  |                                |                               |  |
| 22  | Original issue discount and other imputed interest  |  |                                |                               |  |
|     | income statement gain/loss on sale, exchange,<br>abandonment, worthlessness, or other disposition of<br>assets other than inventory and flow-through entities |  |                                | ١.                            |  |
|     | Gross capital gains from Schedule D, excluding amounts from flow-through entitles   |  |                                |                               |  |
|     | Gross capital losses from Schedule D, excluding amounts from flow-through entities, abandonment losses, and worthless stock losses                            |  |                                |                               |  |
| 23d | Net gain/loss reported on Form 4797, line 17, excluding amounts from flow-through entitles, abandonment losses, and worthless stock losses                    |  |                                |                               |  |
|     | Abandonment losses  | 1  |                                |                               |  |
| 23f | Worthless stock losses (att. details)   |  |                                |                               |  |
| 23g | Other gain/loss on disposition of assets other than inv.  | [  |                                |                               |  |
| 24  | Disallowed capital loss in excess of capital gains  | [  |                                |                               |  |
|     | Utilization of capital loss carryforward  |  |                                |                               |  |
| 26  | Other inc. (loss) items with diff.  |  |                                |                               |  |
|     | Total Income (loss) Items. Combine lines 1<br>Ihrough 26  | 3,542,287  |                                | -2,542,287                    | 1,000,000  |
| 28  | Total expense/deduction items (from Part III, ine 36)   | -240,430   | 46,102                         | 76,355                        | -117,973   |
|     | Other income (loss) and expense/deduction tems with no differences  | -1,588,937   |                                |                               | -1,588,937   |
| 30  | Reconciliation totals. Combine lines 27 through 29  | 1,712,920  | 46,102                         | -2,465,932                    | -706,910   |
| 1   | Note. Line 30, column (a), must equal the amoun   | it on Part I, line 11, and co                              | olumn (d) must equal Form      |                               | ule M-3 (Form 1120) 200                              |

ENERGY MERCHANT CORP

(PAR)

Employer identification number

13-3855623

Name of subsidiary (if consolidated return)

Employer identification number

|      | Expense/Deduction Items   | (a) Expense per Income Statement (optional) | (b)<br>Temporary<br>Difference | (c)<br>Permanent<br>Difference | (d)<br>Deduction per<br>Tax Return<br>(optional) |
|------|---|---|--------------------------------|--------------------------------|--|
| 1    | U.S. current income tax expense   |   |                                |                                |  |
| 2    | U.S. deferred income tax expense  |   |                                |                                |  |
| 3    | State and local current income tax expense  |   |                                |                                |  |
|      | State and local deferred income tax expense   |   |                                |                                |  |
| 5    | Foreign current income tax expense (other than  |   |                                |                                |  |
|      | foreign withholding taxes)  |   |                                | į                              |  |
| 6    | Foreign deferred income tax expense   |   |                                |                                |  |
|      | Foreign withholding taxes   |   |                                |                                |  |
|      | ncentive stock options  |   |                                |                                | ······································           |
|      | Vonqualified stock options  |   |                                |                                | <del></del>                                      |
|      | Other equity-based compensation   | ·····                                       |                                |                                | <del></del>                                      |
| 11   | Weals and entertainment   | 152,710                                     |                                | -76,355                        | 76,355   |
| 12 1 | Fines and penalties   |   |                                |                                |  |
|      | Punitive damages  |   |                                |                                | <del></del>                                      |
|      |   | <del></del>                                 |                                |                                |  |
|      | Compensation with section 162(m) limitation   | <del></del>                                 |                                |                                | <del></del>                                      |
|      | Pension and profit-sharing  |   |                                |                                | ·  |
| 7 (  | Other post-retirement benefits  |   | <del></del>                    | <del></del>                    |  |
|      | Deferred compensation   |   | <del></del>                    |                                |  |
|      | Charitable contribution of cash and tangible  |   |                                |                                |  |
|      |   |   |                                | ,                              | ·-   |
|      | property Charitable contribution of intangible  |   |                                |                                | <del></del>                                      |
|      |   |   | *                              |                                |  |
|      | Charitable contribution limitation  |   |                                |                                |  |
|      | Charitable contribution carryforward used   | <del> </del>                                |                                | <del></del>                    | <del></del>                                      |
|      | Current year acquisition or reorganization  |   | <del></del>                    | <del></del>                    |  |
|      | nvestment banking fees  | 1   |                                |                                |  |
|      | Current year acquisition or reorganization legal  |   | <del></del>                    |                                | <del></del>                                      |
|      | 1   | 1   | }                              |                                |  |
|      | and accounting fees   |   |                                |                                | <del></del>                                      |
|      | Current year acquisition/reorganization other costs   |   |                                |                                | <del></del>                                      |
| 5 /  | Amortization/impairment of goodwill   |   |                                |                                | <del></del>                                      |
|      | Amortization of acquisition, reorganization, and  |   | 1                              | · [                            |  |
|      | start-up costs  |   |                                |                                |  |
|      | Other amortization or impairment write-offs   | <del></del>                                 |                                |                                |  |
|      | Section 198 environmental remediation costs   |   |                                |                                |  |
|      | Depletion   | 00.000                                      |                                |                                |  |
|      | Depreciation  | 87,720                                      | -46,102                        |                                | 41,61  |
|      | Bad debt expense  |   |                                |                                |  |
|      | Corporate owned life insurance premiums   |   |                                |                                |  |
|      | Purchase versus lease (for purchasers and/or  | 1   |                                | Ì                              |  |
|      | essees) Other expense/deduction items with differences  |   |                                |                                | ·  |
|      | •   |   | 1                              | }                              |  |
| •    | attach schedule)  |   | <del></del>                    |                                |  |
| o 1  | Fotal expense/deduction items. Combine lines I through 35. Enter here and on Part II, line 28 | 240,430                                     | -46,102                        | 76,355                         | 117,973  |

ENERGY MERCHANT CORP

Name of subsidiary (if consolidated return)

POWERINE OIL COMPANY

Employer Identification number

13-3855623

Employer Identification number 95-4564080

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return

| Income (loss) from equity method foreign coponations   Construction   Coponations   Construction   Coponations   Coponations   Construction   Coponations    | Taxable Income per Return   |                  |           | <del></del>                    | <del></del>   |
|--|---|------------------|-----------|--------------------------------|---------------|
| corporations  Cross foreign dividends not previously taxed  Subpat F, CEF, and similar income industors  Section 78 gross-up  Cross foreign distributions previously taxed  Section 78 gross-up  Cross foreign distributions previously taxed  Income (loss) from equity method U.S. corporations  Crossofidation  Minorly interes for inclusible corp.  Income (loss) from type gratherships (attach schedule)  Income (loss) from type gratherships (attach schedule)  Income (loss) from type gratherships (attach schedule)  Income (loss) from type gratherships (attach schedule)  Income (loss) from other pass-through entities (attach schedule)  Income (loss) from other pass-through entities (attach schedule)  Income (loss) from other pass-through entities (attach schedule)  Income (loss) from other pass-through entities (attach schedule)  Income (loss) from other pass-through entities (attach schedule)  Income (loss) from other pass-through entities (attach schedule)  Income (loss) from other pass-through entities (attach schedule)  Income (loss) from other pass-through entities (attach schedule)  Income (loss) from other pass-through entities (attach schedule)  Income (loss) from other pass-through entities (attach schedule)  Income (loss) from other pass-through entities (attach schedule)  Income (loss) from other pass-through entities (attach schedule)  Income (loss) from other pass-through entities (attach schedule)  Income (loss) from other pass-through entities (loss) from other passes of the through entities (loss) from other passes of the through entities (loss) from other passes of the through entities (loss) from other passes of the passes of the through entities (loss) from other passes of the passes o | income (Loss) items   | Income Statement | Temporary | (c)<br>Permanent<br>Difference |               |
| 2 Gross foreign dividends not previously taxed 3 Subpart F, DEF, and similar income inclusions 4 Section 78 gross-up 5 Gross foreign distributions previously taxed 6 Income (loss) from equity method U.S. corporations 7 U.S. dividends not eliminated in tax consolidation 8 Minorly interest for includible corp. 9 Income (loss) from U.S. partnerships (attach schedule) 10 Income (loss) from toreign partnerships (attach schedule) 11 Income (loss) from oreign partnerships (attach schedule) 12 Items relating to reportable transactions (attach details) 13 Infrest income 14 Total according to the pass-through entities (attach schedule) 15 Intrest income 16 Mark to-market frome (loss) 17 Investiony valuation adjustment 15 Hedging transactions 18 Section 481(a) adjustment 19 Section 481(a) adjustment 20 Unsamedideferred revenue 21 Income recognition from long-term contracts (loss) 22 Original issue discount and other impuded interest (loss) 23 Income statement gaincts on sails, exchange, shandownent, worthisessnas, or other disposition of assess their but investiony are foreign and other through discount in season of the interest contracts of the pass of the pass of the disposition of assess their but investiony are passed on Form 787. Five 17, excluding amounts from flow-through entities 236 Gross capital gains from Schedule D, excluding amounts from flow-through entities 236 Gross capital gains from Schedule D, excluding amounts from flow-through entities 237 Worthess stock Issees 238 Worthess stock Issees 239 Worthess stock Issees 230 Worthess stock Issees 231 Worthess stock Issees 231 Worthess stock Issees (and cepital gains to Total income (loss) items. Combine lines 1 through 162 items. 240 Total income (loss) items. Combine lines 1 through 162 items. 251 United to General gains from Schedule One from the flow income (loss) and expense/deduction items (from Part III, line 3) 251 United from the flow of the flow of the flow income (loss) and expense/deduction items with not differences 252 Original for more flows in t |   |                  |           |                                |               |
| S Subpart F, OEF, and similar income inclusions inclusions inclusions inclusions of processing of cross-origin distributions previously taxed income (loss) from equity method U.S. corporations of universal distributions previously taxed income (loss) from equity method U.S. corporations of U.S. dividends not eliminated in tax consolidation in the consolidation of  | 2 Gross foreign dividends not previously  |                  |           |                                |               |
| 4 Section 78 gross-up 5 Cross foreign distributions previously sized 6 Income (coss) from equity method U.S. 7 U.S. dividende not eliminated in tax consolidation 8 Minoxy interest for inclusible corp. 9 Income (coss) from foreign partnerships (attach schedule) 10 Income (loss) from foreign partnerships (attach schedule) 11 Income (loss) from other pass-through entities (attach schedule) 12 Items resisting to reportable transactions (attach details) 13 Interest income 14 Total accruat to cash adjustment 15 Hedging transactions 16 Mark-to-market income (loss) 16 Mark-to-market income (loss) 17 Inventory valuation adjustments 18 Saile versus lease (for sellers and/or lessors) 19 Section 451(a) adjustments 10 Income recognition from long-term contracts 20 Criginal sizes in discount and other insplated interest 23a frome statement gaintess on sisis, exchange, subandorument, worthissenses, or other disposition of assats other than Inventory and flow through entities 23d Orass capital gains from Schedule D, excluding amounts from flow-through entities 23d Attendance (loss) 23d Mary danivos reported on Form 4797, in 917, excluding amounts from flow-through entities, standorument losses, and worthless stock losses 23d Attendance (loss) in scose of capital pains 23d Worthless stock losses (cit, detailis) 23d Worthless stock losses (cit, detailis) 23d Worthless stock losses (cit, detailis) 23d Worthless stock losses (cit, detailis) 23d Worthless stock losses (cit, detailis) 23d Worthless stock losses (cit, detailis) 23d Worthless stock losses (cit, detailis) 23d Worthless stock losses (cit, detailis) 23d Worthless stock losses (cit, detailis) 23d Worthless stock losses (cit, detailis) 23d Worthless stock losses (cit, detailis) 23d Worthless stock losses (cit, detailis) 23d Worthless stock losses (cit, detailis) 23d Worthless stock losses (cit, detailis) 23d Worthless stock losses (cit, detailis) 23d Worthless stock losses (cit, detailis) 23d Worthless stock losses (cit, detailis) 23d Worthless stock losses (cit, detailis) | 3 Subpart F, QEF, and similar income  |                  |           |                                |               |
| 5 Gross foreign distributions previously taxed 6 Income (loss) from equity method U.S. corporations 7 U.S. dividends not eliminated in tax consolidation 8 Minorly Interest for inclubile corp. 9 Income (loss) from foreign partnerships (attach schedule) 1 Income (loss) from foreign partnerships (attach schedule) 1 Income (loss) from other pass-through entitles (attach schedule) 1 Income (loss) from other pass-through entitles (attach schedule) 1 Income (loss) from other pass-through entitles (attach schedule) 1 Income (loss) from other pass-through entitles (attach schedule) 1 Income (loss) from other pass-through entitles (attach schedule) 1 Income (loss) from other pass-through entitles (attach schedule) 1 Income (loss) from other pass-through entitles (attach schedule) 1 Income (loss) from other pass-through entitles (attach schedule) 1 Income (loss) from other pass-through entities (loss) 1 Interest Income 1 Income (loss) from other pass-through entities (loss) 1 Interest Income 1 Income (loss) from other pass-through entities (loss) 1 Interest Income 1 Income (loss) from other pass-through entities (loss) 1 Interest Income (loss) 1 Interest Income 1 Income (loss) from other disposition of assets other than Invertory and flow-trough entities, abandoment losses, and worthless stock losses 1 Interest Income (loss) from other disposition of assets other than Invertory and flow-trough entities, abandoment losses, and worthless stock losses 1 Interest Interest (loss) in access of capital giano 1 Interest Interest (loss) in access of capital giano 2 Utilization of capital loss carryforward 3 Interest Interest (loss) in access of capital giano 3 Interest Interest (loss) in access of capital giano 3 Interest (loss) in access of capital giano 5 Utilization of capital loss carryforward 5 Interest (loss) in access of capital giano 5 Utilization of capital loss carryforward 5 Interest (loss) interest (loss) interest (loss) interest (loss) interest (loss) interest (loss) interest (loss) interest (loss) interest (loss) int |   | f                |           | 1                              |               |
| 6 Income (loss) from equity method U.S. corporations 7 U.S. dividends not eliminated in tax consolidation 8 Minorly interest for inclusible corp. 9 Income (loss) from U.S. partnerships (attach schedule) 10 Income (loss) from lorigin partnerships (attach schedule) 11 Income (loss) from other pass-through entities (attach schedule) 12 Items relating to reportable transactions (attach details) 13 Interest income 14 Total account to cash adjustment 15 Hedging transactions 15 Mark-to-market income (loss) 17 Inventory valuation adjustments 16 Hedging transactions 18 Sale versus lease (for sellers and/or lessors) 19 Section 48(a) adjustments 20 Uncamed/deferred revenue 21 Income recognition from long-term contracts 22 Original issus discount and other imputed interest 23a income statement gain/tosc on sale, suchange, asset of the tab in hevelory varieties and sellers, abundance and sellers and or sel | 5 Gross foreign distributions previously  |                  |           |                                |               |
| 7 U.S. dividends not eliminated in tax consolidation 8 Minority interest for includible corp. 9 income (loss) from U.S. partnerships (attach schedule) 10 Income (loss) from foreign partnerships (attach schedule) 11 Income (loss) from other pass-through entities (attach schedule) 12 Itams relating to reportable transactions (attach details) 13 Interest income 14 Total accrual to cash adjustment 15 Hedging transactions 16 Mark-to-market income 17 Inventory valuation adjustments 18 Sale versus lease (for selfers and/or rescore) 19 Section 481(a) adjustments 10 Lineamed/federard revenue 10 Income recognition from long-term contracts 10 Conjunt issue discount and other imputed interest 11 Income recognition from long-term contracts 12 Original issue discount and other imputed interest 13 Income statement graintoss on sele, excluring, absorboroment, worksenses, or other disposition of assets other than inventory and low-trough entities 13 Income statement graintoss on sele, excluring, absorboroment worksenses, or other disposition of assets other than inventory and low-trough entities 13 Income statement graintoss on sele, excluring amounts from flow-through entities 13 Income statement graintos on sele, excluding amounts from flow-through entities 13 Income statement graintos on sele, excluding amounts from flow-through entities, abandonment boses, and worthless stock loses 13 Income statement loses (Income though entities, abandonment loses (Income though entities, abandonment loses (Income (Income I | 6 Income (loss) from equity method U.S.   |                  |           |                                |               |
| 8 Minorly Interest for inclusible corp. 9 Income (loss) from U.S. partnerships (attach schedule) 10 Income (loss) from foreign partnerships (attach schedule) 11 Income (loss) from other pass-through entities (attach schedule) 12 Items relating to reportable transactions (attach details) 13 Interest Income 14 Total accrual to cash adjustment 15 Hedging transactions 16 Mark-to-market income (loss) 17 Inventory valuation adjustments 18 Sale versus leases (for sellers and/or lessors) 19 Section 481(a) adjustments 20 Uncarned/deferred revenue 21 Income recognition from long-term contracts 22 Original terms decount and other inquised interest 23 Income recognition from long-term contracts 24 Criginal terms decount and other inquised interest 25 Original terms orother disposition of assess other than inventory and flow through entities 26 Gross capital pains from Schedule 0, excluding amounts from flow-through entities 27 Section (19 Income the contract of the disposition of assess other than inventory and flow through entities 28 Alved gain/oss reported on Form flow-through entities 29 Gross capital pains from Schedule 0, excluding amounts from flow-through entities, abandoment losses 20 Alved gain/oss reported on Form 4797, ine 17, excluding amounts from flow-through entities, abandoment losses 20 Abandoment losses 21 Morthless stock losses 22 Abandoment losses 23 Abandoment losses 24 Abandoment losses 25 Ublizzation of capital loss carryforward 26 Other Inc. (less) items with olf. 27 Total income (loss) items. Combine lines 1 through 26 28 Total expense/deduction items (from Part III, line 36) 29 Other income (loss) items. Combine lines 1 through 26 20 Other inc. (loss) items. Combine lines 1 through 26 21 Total expense/deduction items (from Part III, line 36) 22 Other income (loss) and expense/deduction litems with not differences.   | 7 U.S. dividends not eliminated in tax  |                  |           |                                |               |
| 9 Income (loss) from U.S. partnerships (attach schedule) 10 Income (loss) from foreign partnerships (attach schedule) 11 Income (loss) from other pass-through entities (attach schedule) 12 Items relating to reportable transactions (attach details) 13 Interest Income 14 Total accrual to cash adjustment 15 Hedging transactions 16 Mark-to-market Income (loss) 17 Inventory valuation adjustments 18 Sale versus lease (for sellers and/or lessors) 19 Section 481(a) adjustments 20 Unearmed/deferred revenue 21 Income recognition from long-term contracts 22 Original issue discount and other imputed interest 23a income statement galintoss on sale, exchange, abandonment, worthisenses, or other disposition of assets other than inventory and flow through entities 23b Gross capital gains from Schedule D, excluding amounts from flow-through entities 23d Original issues discounted to Fore ATSY, the AT, excluding amounts from flow-through entities, abandonment losses, and worthless stock losses 23d At gainfores reported on Form 4TSY, the AT, excluding amounts from flow-through entities, abandonment losses, and worthless stock losses 23d At gainfores reported on Form 4TSY, the AT, excluding amounts from flow-through entities, abandonment losses, and worthless stock losses 23d At gainfores reported on Form 4TSY, the AT, excluding amounts from flow-through entities, abandonment losses, and worthless stock losses 23d At gainfores reported on Form 4TSY, the AT, excluding amounts from flow-through entities, abandonment losses, and worthless stock losses 23d Attendance on disposition of assets ories than inv. 25 Utilization of capital loss in excess of capital gains 26 Utilization of capital loss in excess of capital gains 27d Vertifiers stock losses (act details) 28d Order (action of the flow of the  | 8 Minority interest for includible corp.  |                  |           |                                |               |
| 10 Income (loss) from foreign partnerships (attach schedule) 11 Income (loss) from other pass-through entities (attach schedule) 12 Items relating to reportable transactions (attach details) 13 Interest income 14 Total accrual to cash adjustment 14 Total accrual to cash adjustment 15 Hedging transactions 16 Mark-to-market income (loss) 17 Inventory valuation adjustments 18 Sale versus lease (for selens and/or lessors) 19 Section 481(a) adjustments 20 Unearmed/deferred revenue 21 Income recognition from long-term contracts 22 Original issue decount and other imputed interest 23a Income statement gaintoss on sale, aschange, abandorment, worthessness, or other disposition of assets other than inventory and fore-trough entities 23b Gross capital pains from Schedule D, excluding amounts from flow-through entities 23c Gross capital losses from Schedule D, excluding amounts from flow-through entities 23d Income statement paintoss on sale aschange, abandorment losses, and worthess stock losses 23d Net gain/loss reported on Form 4787, fine 17, excluding amounts from flow-through entities, abandorment losses, and worthess stock losses 23d Net gain/loss reported on Form 4787, fine 17, excluding amounts from flow-through entities, abandorment losses, and worthess stock losses 23d Worthers stock losses (and details) 23g Other gain-floss on disposition of assets other than inv. 25d Disaltered capital loss is excess of capital loss is excess of capital loss is excess of capital loss is excess of capital loss is tore capital loss in excess of capital loss is tore capital loss in excess of capital loss is tore capital loss in excess of capital loss in capital loss is excess of capital loss in excess of capital loss in excess of capital loss in excess of capital loss in excess of capital loss in excess of capital loss in excess of capital loss in excess of capital loss in excess of capital loss in excess of capital loss in excess of capital loss in excess of capital loss in excess of capital loss in excess of capital loss in exc | 9 Income (loss) from U.S. partnerships (attach  |                  |           |                                |               |
| (altach schedule)  2 Items relating to reportable transactions (attach details)  3 Interest income  1 Total account to cash adjustment  1 Hedging transactions  1 Hedging transactions  1 Inventory valuation adjustments  1 Inventory valuation adjustments  3 Sale versus lease (for sellers and/or lessors)  4 Section 481(a) adjustments  2 Uneamed/deferred revenue  2 Uneamed/deferred revenue  2 Uncome recognition from long-term contracts  2 Original issue discount and other imputed interest  2 Income statement gainloss on sale, exchange, abandonment, worth essensas, or other disposition of assets other than invertory and flow-through entities  23b Gross capital gains from Schedule D, excluding amounts from flow-through entities  23c Gross capital joins from Schedule D, excluding amounts from flow-through entities  23d Not gain/loss inported on Form 4797, line 17, excluding amounts from flow-through entities, abandonment losses, and worthless stock losses  23d Abandonment losses  23d Worthless stock losses (aff. details)  23g Other gain/loss on disposition of assets other than invol. Disallowed capital loss is excess of capital gains  25 Ubilization of capital loss carryforward  26 Other inc. (floss) items with diff.  27 Total Income (loss) times, Combine lines 1 through 26  28 Total expense/deduction items (from Part III, line 36)  29 Other income (loss) and expense/deduction items (from Part III, line 36)  20 Ubilization to differences   | 10 Income (loss) from foreign partnerships (attach  |                  |           |                                |               |
| details) Interest income 11 Total accrual to cash adjustment 15 Hedging transactions 16 Mark-to-market income (loss) 17 Inventory valuation adjustments 18 Sale versus lease (for sellers and/or lessors) 19 Section 481(a) adjustments 10 Uneamed/deferred revenue 11 Income recognition from long-term contracts 12 Original issus discount and other imputed interest 13 income statement galinos on sale, exchange, 15 abandorment, worthessness, or other disposition of 15 abandorment, worthessness, or other disposition of 15 abandorment, worthessness, or other disposition of 15 abandorment, worthessness, or other disposition of 16 abandorment, worthessness, or other disposition of 17 abandorment, worthessness, or other disposition of 18 abandorment worthous phentities 18 Gross capital gains from Schedule D. excluding 18 amounts from flow-through entities 19 Gross capital losses from Schedule D. excluding 19 amounts from flow-through entities, abandorment losses, and worthess stock losses 19 Worthess stock losses 19 Worthess stock losses 20 Met gainfoss reported on flow-through entities, abandorment losses, and worthess stock losses 20 Abandonment losses and treatile in the stock in the stock in the stock losses 20 Worthess stock losses (at details) 21 Worthess stock losses (at details) 22 Orther income (losse) items with diff. 21 Total Income (loss) items. Combine lines 1 through 26 23 Total expense/deduction items (from Part III, line 36) 24 Other income (loss) and expense/deduction items (from Part III, line 36) 25 Other income (loss) and expense/deduction items (from Part III, line 36)  | 11 Income (loss) from other pass-through entities (attach schedule)                             |                  |           |                                |               |
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| 15 Mark-to-market income (loss) 17 Inventory valuation adjustments 18 Sale versus lease (for sellers and/or lessors) 19 Section 481(a) adjustments 20 Uneamed/deferred revenue 21 Income recognition from long-term contracts 22 Original issue discount and other imputed interest 23a income statement gaintoss on sale, exchange, abandorument, worthlessness, or other disposition of assets other than inventory and flow-through entities 20 Gross capital gains from Schedule D, excluding amounts from flow-through entities 20 Gross capital losses from Schedule D, excluding amounts from flow-through entities, 21 Abandonment losses, and worthless stock losses 23 Net gain/ross reported on Form 4797, fine 17, excluding amounts from flow-through entities, abandorument losses, and worthless stock losses 23 Abandonment losses 23 Morthless stock losses 24 Abandonment losses 25 Worthless stock losses (aff. details) 26 Other gainfloss on disposition of assets other than liv. 27 Total Income (loss) items with diff. 28 Total expense/deduction items (from Part III, line 36) 29 Other income (loss) and expense/deduction items with not differences 34 9 , 237 34 9 , 237  | 14 Total accrual to cash adjustment   |                  |           |                                |               |
| Inventory valuation adjustments  38 Sale versus lease (for sellers and/or lessors)  59 Section 481(a) adjustments  20 Unearmed/deferred revenue  21 Income recognition from long-term contracts  22 Original issue discount and other imputed interest  23a income statement gain/loss on sale, exchange, abandorument, worthlessness, or other disposition of assets other than inventory and flow-through entities  23c Gross capital plans from Schedule D, excluding amounts from flow-through entities, shandonment losses, and worthless stock losses  23d Net gain/loss reported on Form 4797, line 17, excluding amounts from flow-through entities, shandonment losses, and worthless stock losses  23e Abandonment losses  23f Worthless stock losses (att. details)  23g Other gain/loss on disposition of assets other than inv.  24 Disallowed capital loss in excess of capital gains  25 Utilization of capital loss carryforward  26 Other inc. (loss) items. Combinal lines 1 through 26  27 Total Income (loss) items. Combinal lines 1 through 26  28 Total expense/deduction items (from Part III, line 36)  29 Other income (loss) and expense/deduction items with no differences  349,237  349,237  | 15 Hedging transactions   |                  |           |                                |               |
| Sale versus lease (for sellers and/or lessors)  Section 481(a) adjustments  Unearmed/deferred revenue  Income recognition from long-term contracts  Original issue discount and other imputed interest  abandorument, worthlessenses, or other disposition of assets other than inventory and flow-through entities  abandorument, worthlessenses, or other disposition of assets other than inventory and flow-through entities  Gross capital gains from Schedule D, excluding amounts from flow-through entities, abandorument losses, and worthless stock losses  336 Gross capital losses from Schedule D, excluding amounts from flow-through entities, abandorument losses, and worthless stock losses  237 Wet gain/loss reported on Form 4797, line 17, excluding amounts from flow-through entities, abandorument losses, and worthless stock losses  238 Abandonment losses and worthless stock losses  239 Other gain/loss on disposition of assets other than inv.  24 Disallowed capital loss in excess of capital gains  25 Utilization of capital loss carryforward  26 Other inc. (loss) items. Combine lines 1 through 26  27 Total Income (loss) terms. Combine lines 1 through 26  28 Total axpense/deduction items (from Part III, line 36)  29 Other income (loss) and expense/deduction items with no differences  349,237  349,237   |   |                  |           |                                |               |
| Sale versus lease (for sellers and/or lessors)  Section 481(a) adjustments  Unearmed/deferred revenue  Income recognition from long-term contracts  Original issue discount and other imputed interest  abandorument, worthlessenses, or other disposition of assets other than inventory and flow-through entities  abandorument, worthlessenses, or other disposition of assets other than inventory and flow-through entities  Gross capital gains from Schedule D, excluding amounts from flow-through entities, abandorument losses, and worthless stock losses  336 Gross capital losses from Schedule D, excluding amounts from flow-through entities, abandorument losses, and worthless stock losses  237 Wet gain/loss reported on Form 4797, line 17, excluding amounts from flow-through entities, abandorument losses, and worthless stock losses  238 Abandonment losses and worthless stock losses  239 Other gain/loss on disposition of assets other than inv.  24 Disallowed capital loss in excess of capital gains  25 Utilization of capital loss carryforward  26 Other inc. (loss) items. Combine lines 1 through 26  27 Total Income (loss) terms. Combine lines 1 through 26  28 Total axpense/deduction items (from Part III, line 36)  29 Other income (loss) and expense/deduction items with no differences  349,237  349,237   | 17 Inventory valuation adjustments  |                  |           | <u> </u>                       |               |
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| Original issue discount and other imputed interest common statement gaintioss on sale, exchange, abandomment, worthlessness, or other disposition of assets other than inventory and flow-through entities capital gains from Schedule D, excluding amounts from flow-through entities capital increase from Schedule D, excluding amounts from flow-through entities, abandomment losses, and worthless stock losses capital gains from Form 4797, line 17, excluding amounts from flow-through entities, abandomment losses, and worthless stock losses capital gains from flow-through entities, abandomment losses, and worthless stock losses capital gains from flow-through entities, abandomment losses, and worthless stock losses capital gains capital flosses capital gains capital flosses of capital gains capital flosses of capital gains capital loss on excess of capital gains capital floss in excess of capital gains capital floss in excess of capital gains capital floss in excess of capital gains capital floss carryforward capi | na il hammad (dafarrad munaun   |                  |           |                                |               |
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| abandorument, worthlessness, or other disposition of assets other than Inventory and flow-through entities  23b Gross capital pains from Schedule D, excluding amounts from flow-through entities  23c Gross capital losses from Schedule D, excluding amounts from flow-through entities, abandonment losses, and worthless stock losses  23d Net gain/loss reported on Form 4797, line 17, excluding amounts from flow-through entities, abandonment losses, and worthless stock losses  23e Abandonment losses, and worthless stock losses  23f Worthless stock losses (att. details)  23g Other gain/loss on disposition of assets other than inv.  24 Disallowed capital loss in excess of capital gains  25 Utilization of capital loss carryforward  26 Other inc. (loss) items. Combine lines 1 through 26  27 Total income (loss) items. Combine lines 1 through 26  28 Total expense/deduction items (from Part III, line 36)  29 Other income (loss) and expense/deduction items with no differences  349,237  349,   | 22 Original issue discount and other imputed interest   |                  |           | ļ                              | <u> </u>      |
| 23b Gross capital gains from Schedule D, excluding amounts from flow-through entities  23c Gross capital losses from Schedule D, excluding amounts from flow-through entities, abandonment losses, and worthless stock losses  23d Net gain/loss reported on Form 4797, line 17, excluding amounts from flow-through entities, abandonment losses, and worthless stock losses  23e Abandonment losses, and worthless stock losses  23f Worthless stock losses (alt. details)  23g Other gain/loss on disposition of assets other than inv.  24 Disallowed capital loss in excess of capital gains  25 Utilization of capital loss carryforward  26 Other inc. (loss) items with diff.  27 Total Income (loss) items. Combine lines 1 through 26  28 Total expense/deduction items (from Part III, line 36)  29 Other income (loss) and expense/deduction items with no differences  349,237  349,  | abandonment, worthlessness, or other disposition of   |                  |           |                                |               |
| 23c Gross capital losses from Schedule D, excluding amounts from flow-through entities, abandonment losses, and worthless stock losses 23d Net gain/loss reported on Form 4797, line 17, excluding amounts from flow-through entities, abandonment losses, and worthless stock losses 23e Abandonment losses 23f Worthless stock losses (aff. details) 23g Other gain/loss on disposition of assets other than inv. 24 Disallowed capital loss in excess of capital gains 25 Utilization of capital loss carryforward 26 Other inc. (loss) items with diff. 27 Total Income (loss) items. Combine lines 1 through 26 28 Total expense/deduction items (from Part III, line 36) 29 Other income (loss) and expense/deduction items with no differences 349,237 349,   | 23b Gross capital gains from Schedule D, excluding  |                  |           |                                | 546           |
| 23d Net gain/loss reported on Form 4797, line 17, excluding amounts from flow-through entities, abandonment losses, and worthless stock losses 23e Abandonment losses 23f Worthless stock losses (att. details) 23g Other gain/loss on disposition of assets other than inv. 24 Disallowed capital loss in excess of capital gains 25 Utilization of capital loss carryforward 26 Other inc. (loss) items with diff. 27 Total Income (loss) items. Combine lines 1 through 26 28 Total expense/deduction items (from Part III, line 36) 29 Other income (loss) and expense/deduction items with no differences 349,237 349,  | amounts from flow-through entities, abandonment   | ľ                |           |                                |               |
| 23f Worthless stock losses (aft. details) 23g Other gain/loss on disposition of assets other than inv. 24 Disallowed capital loss in excess of capital gains 25 Utilization of capital loss carryforward 26 Other inc. (loss) items with diff. 27 Total Income (loss) items. Combine lines 1 through 26 28 Total expense/deduction items (from Part III, line 36) 29 Other income (loss) and expense/deduction items with no differences 349,237 349,  | 23d Net gain/loss reported on Form 4797, line 17, excluding amounts from flow-through entities, |                  |           |                                |               |
| 23g Other gain/loss on disposition of assets other than inv. 24 Disallowed capital loss in excess of capital gains 25 Utilization of capital loss carryforward 26 Other inc. (loss) items with diff. 27 Total Income (loss) items. Combine lines 1 through 26 28 Total expense/deduction items (from Part III, line 36) 29 Other income (loss) and expense/deduction items with no differences 349,237 349,  | 23e Abandonment losses  | <u> </u>         |           |                                |               |
| Disallowed capital loss in excess of capital gains Utilization of capital loss carryforward Other inc. (loss) items with diff. Total Income (loss) items. Combine lines 1 through 26 Total expense/deduction items (from Part III, line 36) Other income (loss) and expense/deduction items with no differences  349,237   |   | Ļ                |           | ļ                              | <del></del> - |
| Utilization of capital loss carryforward  Other inc. (loss) items with diff.  Total Income (loss) items. Combine lines 1 through 26  Total expense/deduction items (from Part III, line 36)  Other income (loss) and expense/deduction litems with no differences  349,237   |   | į.               |           |                                | <del></del>   |
| Other inc. (loss) items with diff.  Total Income (loss) items. Combine lines 1 through 26  Total expense/deduction items (from Part III, line 36)  Other income (loss) and expense/deduction Items with no differences  349,237  |   | Į.               |           | <del> </del>                   | <del> </del>  |
| Total Income (loss) items. Combine lines 1 through 26  Total expense/deduction items (from Part III, line 36)  Other income (loss) and expense/deduction items with no differences  349,237  |   |                  |           |                                | <del></del>   |
| through 26  28 Total expense/deduction items (from Part III, line 36)  29 Other income (loss) and expense/deduction items with no differences  349,237  349,   | A - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -   |                  |           |                                | -             |
| line 36)  29 Other income (loss) and expense/deduction Items with no differences  349,237  349,  | through 26  |                  |           |                                |               |
| Items with no differences 349,237 349,   | line 36)  |                  |           |                                | ·             |
| 30 Reconciliation totals. Combine lines 27 through 29   349, 237   349.  |   |                  |           | -                              | 349,237       |
| Note. Line 30, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.   |   |                  |           |                                | 349,237       |

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| ame of corporation (common parent, if consolidated return) | ·   |                                | Employer iden                  | utification number                      |
|--|---|--------------------------------|--------------------------------|---|
| ENERGY MERCHANT CORP                                       |   |                                | 13-3855                        | 5623                                    |
| ame of subsidiary (if consolidated return)                 |   |                                |                                | ntification number                      |
| POWERINE OIL COMPANY                                       | •   |                                | 95-4564                        |   |
| Part III Reconciliation of Net Income                      | (Loss) per Income                           | Statement of Includ            |                                |   |
| Income per Return-Expense/                                 | Deduction Items                             |                                |                                |   |
| Expense/Deduction Items                                    | (a) Expense per Income Statement (optional) | (b)<br>Temporary<br>Difference | (c)<br>Permanent<br>Difference | (d) Deduction per Tax Return (optional) |
| I U.S. current income tax expense                          |   |                                |                                |   |
| 2 U.S. deferred income tax expense                         |   |                                |                                |   |
| State and local current income tax expense                 |   |                                |                                | ······································  |
| State and local deferred income tax expense                |   |                                |                                |   |
| Foreign current income tax expense (other than             |   |                                |                                |   |
| foreign withholding taxes)                                 | 1   |                                |                                |   |
| Foreign deferred income tax expense                        |   |                                |                                |   |
| Foreign withholding taxes                                  |   |                                |                                |   |
| Incentive stock options                                    |   |                                |                                |   |
| Nonqualified stock options                                 |   |                                |                                |   |
| Other equity-based compensation                            |   |                                |                                |   |
| Meals and entertainment                                    |   |                                |                                |   |
| Fines and penalties  |   |                                |                                |   |
| Punitive damages   |   |                                |                                |   |
| Parachute payments   |   |                                |                                |   |
| Compensation with section 162(m) limitation                |   |                                |                                |   |
| Pension and profit-sharing                                 |   |                                |                                |   |
| Other post-retirement benefits                             |   |                                |                                |   |
| Deferred compensation                                      |   |                                |                                |   |
| Charitable contribution of cash and tangible property      |   |                                |                                |   |
| Charitable contribution of intangible property             |   |                                |                                |   |
| Charitable contribution limitation                         |   |                                |                                |   |
| Charitable contribution carryforward used                  |   |                                |                                |   |
| Current year acquisition or reorganization                 |   |                                |                                |   |
| Investment banking fees                                    |   |                                |                                |   |
| Current year acquisition or reorganization legal           |   |                                |                                |   |
| and accounting fees  |   |                                |                                |   |
| Current year acquisition/reorganization other costs        |   |                                |                                |   |
| Amortization/impairment of goodwill                        |   |                                |                                |   |

Schedule M-3 (Form 1120) 2004

27 Amortization of acquisition, reorganization, and start-up costs
28 Other amortization or impairment write-offs 29 Section 198 environmental remediation costs 30 Depletion 31 Depreciation 32 Bad debt expense
33 Corporate owned life insurance premiums 34 Purchase versus lease (for purchasers and/or

35 Other expense/deduction items with differences

36 Total expense/deduction Items. Combine lines 1 through 35. Enter here and on Part II, line 28

(attach schedule)

ENERGY MERCHANT CORP

Name of subsidiary (if consolidated return) ANGLO PETROLEUM CORPORATION Employer identification number

13-3855623

Employer identification number 95-4059009

Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Part II

|     | i axable income per Return   |  |                                       |                                |  |
|-----|--|--|---------------------------------------|--------------------------------|--|
|     | Income (Loss) Items  | (a)<br>Income (Loss) per<br>Income Statement<br>(optional) | (b)<br>Temporary<br>Difference        | (c)<br>Permanent<br>Difference | (d)<br>Income (Loss) per<br>Tax Return<br>(optional) |
| 1   | Income (loss) from equity method foreign corporations  |  |                                       |                                |  |
| 2   | Gross foreign dividends not previously taxed   |  |                                       |                                |  |
|     | Subpart F, QEF, and similar income inclusions  |  |                                       |                                |  |
| 4   | Section 78 gross-up  |  |                                       |                                |  |
| 5   | Gross foreign distributions previously taxed   |  |                                       |                                |  |
| 6   | Income (loss) from equity method U.S. corporations   |  |                                       |                                |  |
| 7   | U.S. dividends not eliminated in tax consolidation   | ·  |                                       |                                |  |
| 8   | Minority interest for includible corp.   |  |                                       |                                |  |
| 9   | Income (loss) from U.S. partnerships (attach schedule)   |  |                                       |                                |  |
| 10  | Income (loss) from foreign partnerships (attach schedule)  |  |                                       |                                |  |
|     | Income (loss) from other pass-through entities (attach schedule)   |  |                                       |                                |  |
|     | Items relating to reportable transactions (attach details)   |  | ,                                     |                                |  |
| 13  | Interest income  | ·  |                                       |                                |  |
| 14  | Total accrual to cash adjustment   |  |                                       |                                |  |
| 15  | Hedging transactions   |  |                                       |                                |  |
|     | Mark-to-market income (loss)   |  |                                       |                                |  |
| 17  | Inventory valuation adjustments  |  |                                       | <u></u>                        | ·  |
| 18  | Sale versus lease (for sellers and/or lessors)   |  |                                       |                                | <del></del>  |
| 19  | Section 481(a) adjustments   |  |                                       |                                |  |
| 20  | Uneamed/deferred revenue   |  |                                       |                                |  |
| 21  | Income recognition from long-term contracts  |  |                                       |                                |  |
|     | Original issue discount and other imputed interest   |  |                                       |                                |  |
|     | Income statement gain/loss on sale, exchange,  |  | · · · · · · · · · · · · · · · · · · · |                                |  |
|     | abandonment, worthlessness, or other disposition of assets other than inventory and flow-through entitles                                  |  |                                       |                                |  |
| 23b | Gross capital gains from Schedule D, excluding<br>amounts from flow-through entities   |  |                                       |                                | ,  |
| 23c | Gross capital losses from Schedule D, excluding amounts from flow-through entities, abandonment losses, and worthless stock losses         |  |                                       |                                |  |
|     | Net gain/loss reported on Form 4797, line 17, excluding amounts from flow-through entities, abandonment losses, and worthless stock losses |  |                                       |                                |  |
|     | Abandonment laceae   |  |                                       |                                |  |
|     | Worthless stock losses (att. details)  |  |                                       |                                |  |
|     | Other gain/loss on disposition of assets other than inv.   |  |                                       |                                | <del></del>  |
| _   | - '  |  |                                       |                                |  |
|     | Disallowed capital loss in excess of capital gains   |  |                                       |                                |  |
|     | Utilization of capital loss carryforward   |  |                                       |                                |  |
|     | Other inc. (loss) items with diff.   |  |                                       |                                |  |
|     | Total income (loss) items. Combine lines 1 through 26  |  |                                       |                                |  |
|     | Total expense/deduction items (from Part III, line 36)   |  |                                       |                                |  |
|     | Other income (loss) and expense/deduction items with no differences  |  |                                       |                                |  |
| 30  | Reconciliation totals. Combine lines 27 through 29   | 0  |                                       |                                | 0  |
|     | Note Line 30 column (a) must equal the amount  | ston Part Line 11 and or                                   | dump (d) must sound Com               | 4420 0000 4 100 20             |  |

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| Calandula III 2 | (Comp 1120) | 2004 |
|-----------------|-------------|------|
| Schedule M-3 (  | (FORM 1120) | 2004 |

#### ENERGY MERCHANT CORP

Name of subsidiary (if consolidated return)

ANGLO PETROLEUM CORPORATION

Employer Identification number

13-3855623

Employer identification number 95-4059009

Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return-Expense/Deduction Items

| Expense/Deduction Items  | (a) Expense per Income Statement (optional) | (b)<br>Temporary<br>Difference         | (c)<br>Permanent<br>Difference                   | (d) Deduction per Tax Return (optional) |
|--|---|--|--|---|
| 1 U.S. current income tax expense  | 127-3/15/                                   |  | <del>                                     </del> | (Opacariar)                             |
| 2 U.S. deferred income tax expense   |   |  |  | 7                                       |
| 3 State and local current income tax expense   |   |  |  |   |
| State and local deferred income tax expense  |   |  | <del> </del>                                     |   |
| 5 Foreign current income tax expense (other than   |   | ~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~ | <u> </u>   | <del> </del>                            |
| foreign withholding taxes)   |   |  |  |   |
| Foreign deferred income tax expense  |   |  | <del> </del>                                     | †                                       |
| Foreign withholding taxes  |   | <del></del>                            |  |   |
| I hannath a ntanti antiona   |   |  | <del> </del>                                     | <del> </del>                            |
| h his and stade and and  |   |  |  | <u> </u>                                |
| Other equity-based compensation  |   |  | <u> </u>   | 1                                       |
| Meals and entertainment  |   |  | <del> </del>                                     | 1                                       |
| Fines and penalties  |   | <del></del>                            | <del>                                     </del> | <b>†</b>                                |
| O (47  |   |  |  |   |
| Parachute navments   |   |  |  |   |
| Compensation with section 162(m) limitation  |   |  |  | <del></del>                             |
| and the state of t |   |  | <del> </del>                                     | <del> </del>                            |
|  |   |  | <del> </del>                                     | <del> </del>                            |
| Defendanced and a second   | <del></del>                                 | <del></del>                            | <del> </del>                                     | <del> </del>                            |
| Charitable contribution of cash and tangible   |   |  | <del> </del>                                     | <del> </del>                            |
| area north.  | Ì   |  | {  | ł                                       |
| Charitable contribution of intangible  |   | <del></del>                            | <u> </u>   | <del> </del>                            |
| property   | 1   |  |  |   |
| Charitable contribution limitation   |   | <del></del>                            | <del></del>                                      | <del> </del>                            |
| Charitable contribution carryforward used  | Ì   | <del></del>                            | <del></del>                                      | <del> </del>                            |
| Current year acquisition or reorganization   | <del></del>                                 | <del></del>                            | <del> </del>                                     | <del> </del>                            |
|  |   |  |  |   |
| investment banking fees  |   |  | <del> </del>                                     | <del> </del>                            |
| Current year acquisition or reorganization legal   | į   |  |  |   |
| and accounting fees  |   | ······································ |  | <del> </del>                            |
| Current year acquisition/reorganization other costs  |   |  |  | <del></del>                             |
| Amortization/impairment of goodwill  |   |  |  |   |
| Amortization of acquisition, reorganization, and   | 1   |  | ~  |   |
| start-up costs   |   |  |  | <del> </del>                            |
| Other amortization or impairment write-offs  |   | <del></del>                            | <u></u>  |   |
| Section 198 environmental remediation costs  |   |  | ·  | <u> </u>                                |
| Depletion  |   |  |  |   |
| Depreciation   |   | <del></del>                            | ļ  | <u> </u>                                |
| Bad debt expense   |   | ·····                                  |  | ļ                                       |
| Corporate owned life insurance premiums  |   | <del></del>                            |  |   |
| Purchase versus lease (for purchasers and/or   | 1   | •                                      |  | 1                                       |
| lessees)   |   |  |  |   |
| Other expense/deduction items with differences   | 1   | ·· <del>·</del>                        |  |   |
| (attach schedule)  |   | <del></del>                            |  |   |
| Total expense/deduction items. Combine lines   |   | ,                                      |  |   |
| 1 through 35. Enter here and on Part II, line 28   |   |  | 1  |   |

#### ENERGY MERCHANT CORP

Name of subsidiary (if consolidated return)

CORPORATE DEVELOPMENT INC

Employer identification number

13-3855623

Employer identification number 13-3817433

## Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return

| laxa   | ble Income per Return   | ,  | <del></del>                            | <del></del>                    | <del>,                                     </del>    |
|--|---|--|--|--------------------------------|--|
| incom  | e (Loss) Items  | (a)<br>Income (Loss) per<br>Income Statement<br>(optional) | (b)<br>Temporary<br>Difference         | (c)<br>Permanent<br>Olfference | (d)<br>Income (Loss) per<br>Tax Return<br>(optional) |
|  | equity method foreign   | · · · · · · · · · · · · · · · · · · ·                      |  |                                |  |
| 2 Gross foreign divid  | lends not previously  |  |  |                                |  |
| 3 Subpart F, QEF, a  | nd similar income   |  |  |                                |  |
| 4 Section 78 gross-t   | IP  |  | <del></del>                            |                                | <u> </u>   |
| 5 Gross foreign distr  | ibutions previously   |  |  |                                |  |
| 6 Income (loss) from corporations                            | equity method U.S.  |  |  |                                |  |
| 7 U.S. dividends not   | eliminated in tax   |  |  |                                |  |
| 8 Minority interest for in                                   | cludible corp.  |  | ······································ |                                |  |
| 9. Income (loss) from  | U.S. partnerships (attach   |  | .•                                     |                                |  |
| schedule)  | foreign partnerships (attach  | ·  |  |                                |  |
| <ol> <li>Income (loss) from<br/>(attach schedule)</li> </ol> | other pass-through entitles   |  |  |                                | -  |
| details)   | portable transactions (attach   |  |  |                                |  |
| 3 Interest income  |   |  |  |                                |  |
|  | sh adjustment   |  |  |                                |  |
| Hedging transaction  | ns,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,  |  |  |                                |  |
|  | ome (loss)  |  |  |                                |  |
| Inventory valuation  |   |  |  |                                |  |
|  | (for sellers and/or lessors)  |  | <del></del>                            |                                | <del> </del>   |
| Section 481(a) adj   | · · · · · · · · · · · · · · · · · · ·   |  |  |                                |  |
| Unearned/deferred  |   |  |  |                                | <del> </del>   |
| -  | from long-term contracts  |  |  |                                | <del> </del>   |
| -  | nt and other impuled interest   |  |  |                                | <u> </u>   |
| abandonment, worthk  | n/loss on sale, exchange,<br>essness, or other disposition of<br>entory and flow-through entitles |  |  |                                |  |
|  | om Schedule D, excluding  |  |  |                                |  |
| amounts from flow-thi  | rom Schedule D, excluding<br>ough entities, abandonment<br>stock losses                           |  |  |                                |  |
| 3d Net gain/loss reported<br>excluding amounts from          | on Form 4797, fine 17,<br>on flow-through entities,<br>and worthless stock losses                 |  |  |                                |  |
| le Abandonment loss  | es  |  |  |                                |  |
|  | s (att. details)  |  |  |                                | ļ  |
|  | position of assets other than inv.  | 1  |  |                                |  |
|  | s in excess of capital gains  | ]  |  |                                | <b> </b>   |
| Utilization of capita  | i loss carryforward   |  |  |                                |  |
| Other inc. (loss) items                                      |   |  |  |                                |  |
| through 26   | s) items. Combine lines 1   | ·  |  |                                |  |
| 11   | luction items (from Part III,   |  |  |                                |  |
| 9 Other income (loss items with no differ                    | ) and expense/deduction ences   |  | ·                                      |                                |  |
|  | s. Combine lines 27 through 29  | 0  |  |                                |  |
| Note. Line 30, colu  | mn (a), must equal the amou   | nt on Part I, line 11, and co                              | olumn (d) must equal Form              | 1120, page 1, line 28.         |  |

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| Schedule M-3 (Form 1120) 2004                               | Page 3                         |
|---|--------------------------------|
| Name of corporation (common parent, if consolidated return) | Employer Identification number |
| ENERGY MERCHANT CORP  | 13-3855623                     |
| Name of subsidiary (if consolidated return)                 | Employer Identification number |
| CORDORATE DEVELOPMENT INC                                   | 13-3817433                     |

Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return-Expense/Deduction Items

|    | Expense/Deduction Items                             | (a) Expense per Income Statement (optional) | (b)<br>Temporary<br>Difference                    | (c)<br>Permanent<br>Difference | (d)<br>Deduction per<br>Tax Return<br>(optional) |
|----|---|---|---|--------------------------------|--|
|    | U.S. current income tax expense                     |   |   |                                |  |
| 2  | U.S. deferred income tax expense                    |   |   | <u> </u>                       |  |
| 3  | State and local current income tax expense          | ····  |   |                                |  |
|    | State and local deferred income tax expense         |   |   |                                | <del></del>                                      |
| 5  | Foreign current income tax expense (other than      |   |   |                                | [  |
|    | foreign withholding taxes)                          |   |   |                                |  |
|    | Foreign deferred income tax expense                 |   |   |                                | <u></u>  |
|    | Foreign withholding taxes                           |   |   | <br>                           |  |
|    | Incentive stock options                             |   | · · - · · · · · · · · · · · · · ·                 |                                |  |
|    | Nonqualified stock options                          |   |   |                                |  |
| 0  | Other equity-based compensation                     |   | <del></del>                                       | <u> </u>                       |  |
| 1  | Meals and entertainment                             |   |   |                                |  |
| 2  | Fines and penalties                                 |   |   |                                |  |
|    | Punitive damages                                    |   |   |                                |  |
|    | Parachute payments                                  |   |   |                                |  |
|    | Compensation with section 162(m) limitation         |   |   |                                |  |
| 6  | Pension and profit-sharing                          |   |   |                                |  |
| 7  | Other post-retirement benefits                      |   |   |                                |  |
|    | Deferred compensation                               |   | · <del>····································</del> |                                |  |
| 9  | Charitable contribution of cash and tangible        | }   |   |                                |  |
|    | property  |   |   |                                |  |
| 0  | Charitable contribution of intangible               |   |   |                                |  |
|    | property  |   |   |                                |  |
| 1  | Charitable contribution limitation                  |   |   |                                |  |
| 2  | Charitable contribution carryforward used           |   |   |                                |  |
| 3  | Current year acquisition or reorganization          |   |   |                                |  |
|    | Investment banking fees                             |   |   |                                |  |
| 4  | Current year acquisition or reorganization legal    |   |   |                                |  |
|    | and accounting fees                                 |   |   |                                |  |
| :5 | Current year acquisition/reorganization other costs |   |   |                                |  |
|    | Amortization/impairment of goodwill                 |   |   |                                |  |
|    | Amortization of acquisition, reorganization, and    |   |   |                                |  |
| *  | start-up costs                                      |   |   |                                |  |
| 8  | Other amortization or impairment write-offs         |   |   |                                |  |
|    | Section 198 environmental remediation costs         |   |   |                                |  |
|    | Depletion   |   |   |                                |  |
|    | Depredation   |   | ······································            |                                |  |
|    | Bad debt expense                                    |   | ·····   |                                |  |
|    | Corporate owned life insurance premiums             |   |   |                                |  |
|    | Purchase versus lease (for purchasers and/or        |   | · · · · · · · · · · · · · · · · · · ·             |                                |  |
|    | (account)   |   |   |                                |  |
|    | Other expense/deduction items with differences      |   |   | <u> </u>                       |  |
|    | (attach schedule)                                   | ļ   |   |                                |  |
|    | Total expense/deduction items. Combine lines        |   | ····  |                                |  |
| •  | 1 through 35. Enter here and on Part II, line 28    |   |   | 1                              | I  |

Schedule M-3 (Form 1120) 2004

Name of corporation (common parent, if consolidated return)

ENERGY MERCHANT CORP

13 - 3855623

Name of subsidiary (if consolidated return)

ENERGY MERCHANT HOLDING INC

13 - 4104912

1

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return

|              | Income (Loss) İtems   | (a) income (Loss) per Income Statement (optional) | (b)<br>Temporary<br>Difference | (c)<br>Permanent<br>Difference        | (d)<br>income (Loss) per<br>Tax Return<br>(optional) |
|--------------|---|---|--------------------------------|---------------------------------------|--|
| 1            | Income (loss) from equity method foreign corporations   |   |                                |                                       |  |
| 2            | Gross foreign dividends not previously  |   |                                |                                       |  |
| 3            | Subpart F, QEF, and similar income inclusions   |   |                                |                                       |  |
| 4            | Section 78 gross-up   |   |                                |                                       |  |
| 5            | Gross foreign distributions previously taxed  |   |                                |                                       |  |
| 6            | Income (loss) from equity method U.S. corporations  | ,   |                                |                                       |  |
| 7            | U.S. dividends not eliminated in tax consolidation  |   |                                |                                       |  |
| 8            | Minority interest for includible corp.  |   |                                |                                       |  |
|              | Income (loss) from U.S. partnerships (attach schedule)  | ·   |                                | ·                                     |  |
| 10           | Income (loss) from foreign partnerships (attach schedule)   |   |                                |                                       |  |
| 11           | Income (loss) from other pass-through entities (attach schedule)  |   |                                |                                       |  |
| 12           | Items relating to reportable transactions (attach details)  |   |                                |                                       |  |
|              | Interest income   |   |                                |                                       |  |
| 14           | Total accrual to cash adjustment  |   |                                |                                       |  |
|              | Hedging transactions  |   |                                |                                       |  |
|              | Mark-to-market income (loss)  |   |                                |                                       | · · · · · · · · · · · · · · · · · · ·                |
|              | Inventory valuation adjustments   | ·   |                                | · · · · · · · · · · · · · · · · · · · |  |
|              | Sale versus lease (for sellers and/or lessors)  |   |                                |                                       | <del></del>  |
|              | Section 481(a) adjustments  |   |                                |                                       |  |
|              | Unearned/deferred revenue   |   |                                |                                       |  |
| 21           | Income recognition from long-term contracts   |   |                                |                                       |  |
|              | Original Issue discount and other imputed interest  |   |                                |                                       |  |
| 23a          | Income statement gain/loss on sale, exchange,<br>abandonment, worthlessness, or other disposition of<br>assets other than inventory and flow-through entitles |   |                                |                                       |  |
| 2 <b>3</b> b | Gross capital gains from Schedule D, excluding amounts from flow-through entitles   |   |                                | ·                                     |  |
| 2 <b>3</b> c | Gross capital losses from Schedule D, excluding<br>amounts from flow-through entities, abandonment<br>losses, and worthless stock losses                      |   |                                |                                       |  |
| 23d          | Net gain/loss reported on Form 4797, line 17, excluding amounts from flow-through entities, abandonment losses, and worthless stock losses                    |   |                                |                                       |  |
| 23e          | Abandonment losses  |   |                                |                                       |  |
| 23f          | Worthless stock losses (alt. details)   |   |                                |                                       |  |
|              | Other gain/loss on disposition of assets other than inv.  |   |                                |                                       |  |
| 24           | Disailowed capital loss in excess of capital gains  |   |                                |                                       |  |
|              | Utilization of capital loss carryforward  |   |                                |                                       |  |
|              | Other inc. (loss) items with diff.  |   |                                |                                       |  |
| 27           | Total income (loss) Items. Combine lines 1 through 26   |   |                                |                                       |  |
| 28           | Total expense/deduction items (from Part III, line 36)  |   |                                |                                       |  |
|              | Other income (loss) and expense/deduction items with no differences   |   |                                |                                       |  |
| 30           | Reconciliation totals. Combine lines 27 through 29  | 0   |                                |                                       | 0  |
|              | Note, Line 30, column (a), must equal the amou  | nt on Part I, line 11, and co                     | olumn (d) must equal Form      | 1120, page 1, line 28.                |  |

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ENERGY MERCHANT CORP

Name of subsidiary (if consolidated return)

ENERGY MERCHANT HOLDING INC

Employer identification number

13-3855623

Employer identification number 13-4104912

Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return-Expense/Deduction Items

|   | Expense/Deduction Items  | (a) Expense per Income Statement (optional) | (b)<br>Temporary<br>Difference | (c) .<br>Permanent<br>Difference | (d) Deduction per Tax Return (optional) |
|---|--|---|--------------------------------|----------------------------------|---|
| 1 | U.S. current income tax expense  | (орчения)                                   | <u> </u>                       |                                  | 100000                                  |
|   | U.S. deferred income tax expense   |   | <del> </del>                   |                                  |   |
|   | State and local current income tax expense   |   | <del> </del>                   |                                  |   |
|   | · · · F  |   | <del> </del>                   |                                  | <del> </del>                            |
| 4 | State and local deferred income tax expense Foreign current income tax expense (other than | · · · · · · · · · · · · · · · · · · ·       | <del> </del>                   |                                  | <del> </del>                            |
| Э | formation with health and house?   |   | 1                              |                                  |   |
| _ | foreign withholding taxes)   |   |                                | <del> </del>                     |   |
|   | Foreign deferred income tax expense Foreign withholding taxes                              |   | <del> </del>                   | <del></del>                      |   |
| _ | In anythin alask antions   | <del></del>                                 | <del> </del>                   |                                  | <del> </del>                            |
| В | Incentive stock options  | <del></del>                                 |                                |                                  | <del></del>                             |
| • | Nonqualified stock options   |   |                                |                                  |   |
| • |  | <del></del>                                 | <del> </del>                   |                                  | <del></del>                             |
| 1 | Meals and entertainment  |   |                                |                                  |   |
| 2 | Fines and penalties  |   |                                |                                  | <u> </u>                                |
| 3 | Punitive damages   |   | ļ                              |                                  |   |
|   | Parachute payments   |   | ļ                              |                                  |   |
|   | Compensation with section 162(m) limitation  |   | <u> </u>                       |                                  |   |
|   | Pension and profit-sharing   |   | <del></del>                    |                                  | ļ                                       |
|   | Other post-retirement benefits   | <u></u>                                     | <u> </u>                       |                                  |   |
|   | Deferred compensation  | <del></del>                                 |                                |                                  |   |
| • | Charitable contribution of cash and tangible   |   |                                |                                  | l                                       |
|   | property   |   |                                |                                  |   |
| ) | Charitable contribution of intangible  |   |                                | •                                |   |
|   | property   |   |                                |                                  |   |
| ı | Charitable contribution limitation   |   |                                |                                  |   |
| 2 | Charitable contribution carryforward used  |   |                                |                                  |   |
| 3 | Current year acquisition or reorganization   |   |                                |                                  |   |
|   | Investment banking fees  |   |                                |                                  |   |
| 4 | Current year acquisition or reorganization legal   |   |                                |                                  |   |
|   | and accounting fees  |   |                                |                                  | [                                       |
| 5 | Current year acquisition/reorganization other costs  | i,  |                                |                                  |   |
|   | Amortization/impairment of goodwill  |   |                                |                                  |   |
|   | Amortization of acquisition, reorganization, and   |   | +                              |                                  |   |
|   | start-up costs   |   |                                |                                  |   |
| ı | Other amortization or impairment write-offs  |   |                                |                                  |   |
|   | Section 198 environmental remediation costs  | <del></del>                                 |                                |                                  |   |
|   | · [-   |   |                                |                                  |   |
|   | Depletion Depreciation   |   |                                |                                  |   |
|   | Dad debt sympass   | <del></del>                                 |                                |                                  |   |
|   | Corporate owned life insurance premiums  | <del></del>                                 | <b></b>                        |                                  |   |
|   | Purchase versus lease (for purchasers and/or   | <del></del>                                 | <del></del>                    |                                  | <del> </del>                            |
| ٠ | lange and  |   |                                |                                  | į                                       |
| - | lessees)   | <del></del>                                 |                                |                                  |   |
| • | Other expense/deduction items with differences   | ı   |                                |                                  | }                                       |
|   | (attach schedule)  |   | <b>}</b>                       | <del></del>                      |   |
| • | Total expense/deduction items. Combine lines   |   |                                |                                  |   |
|   | 1 through 35. Enter here and on Part II, line 28   |   | 1                              |                                  | i                                       |

Schedule M-3 (Form 1120) 2004

Form 2220

## Underpayment of Estimated Tax by Corporations

► See separate instructions.

OMB No. 1545-0142

2004

Department of the Treasury Internal Revenue Service

Attach to the corporation's tax return.

Name
ENERGY MERCHANT CORP

Employer identification number 13-3855623

Note: In most cases, the corporation is not required to file Form 2220 (see Part I below for exceptions) because the IRS will figure any penalty owed and bill the corporation. Even if Form 2220 is not required, the corporation may still use it to figure the penalty. In such a case, enter the amount from page 2, line 38 on the estimated tax penalty line of the corporation's income tax return, but do not attach Form 2220. Reasons for Filing-Check the boxes below that apply. If any boxes are checked, and line 6, below, is \$500 Part I or more, the corporation must file Form 2220 even if it does not owe a penalty. The corporation is using the adjusted seasonal installment method. The corporation is using the annualized income installment method. The corporation is a "large corporation" figuring its first required installment based on the prior year's tax. Part II Figuring the Underpayment 38,831 Total tax (see instructions) Personal holding company tax (Schedule PH (Form 1120), line 26) included on line 4 Look-back interest included on line 4 under section 460(b)(2) for completed long-term contracts or section 167(g) for depreciation under the income forecast method 5b Credit for Federal tax paid on fuels (see instructions) Total, Add lines 5a through 5c 5d Subtract line 5d from line 4. If the result is less than \$500, do not complete or file this form. The corporation does not owe the penalty 38,831 Enter the tax shown on the corporation's 2003 income tax return (see instructions). Caution: If the tax is zero or the tax year was for less than 12 months, skip this line and enter the amount from line 6 on line 8 NOT APPLICABLE Enter the smaller of line 6 or line 7. If the corporation is required to skip line 7, enter the amount from line 6 38,831 8 (d) (a) (b) (c) (e) Installment due dates. Enter in columns (a) through (d) the 15th day of the 4th (Form 990-PF filers: Use 5th month), 4/15/04 6/15/04 9/15/04 12/15/04 6th, 9th, and 12th months of the corporation's tax year Exception. If one of your installment due dates is September 15, 2004, see the instructions. 10 Required installments, if the box on line 1 and/or line 2 above is checked, enter the amounts from Schedule A, line 38. If the box on line 3 (but not 1 or 2) is checked, see instructions for the amounts to enter. If none of these boxes 9,707 9,708 9,708 9,708 are checked, enter 25% of line 8 above in each column 10 Estimated tax paid or credited for each period (see Instructions). For column (a) only, enter the amount from line 11 on line 15 11 Complete lines 12 through 18 of one column before going to the next column. Enter amount, if any, from line 18 of the preceding column. 12 12 Add lines 11 and 12 13 13 9,707 19,415 29,123 Add amounts on lines 16 and 17 of the preceding column 14 14 Subtract line 14 from line 13. If zero or less, enter -0-15 15 If the amount on line 15 is zero, subtract line 13 from line 16 9,707 19,415 14. Otherwise, enter -0-16 17 Underpayment. If line 15 is less than or equal to line 10, subtract line 15 from line 10. Then go to line 12 of the next column. Otherwise, go to line 18 17 9,707 9,708 9,708 9,708 Overpayment. If line 10 is less than line 15, subtract line 18

10 from line 15. Then go to line 12 of the next column

#### Part III Figuring the Penalty

|                |   | L  | (2)     | (b)    | (c)      | (d)          | (6)         |
|----------------|---|----|---------|--------|----------|--------------|-------------|
| after<br>instr | er the date of payment or the 15th day of the 3rd month  the close of the tax year, whichever is earlier (see  uctions). (Form 990-PF and Form 990-T filers: Use 5th  th instead of 3rd month.) | 19 | SEE WOI | KSHEET |          |              |             |
| Num            | ber of days from due date of Installment on line 9 to the shown on line 19  | 20 |         | ·      |          |              |             |
| Num            | iber of days on line 20 after 4/15/2004 and before 7/1/2004   | 21 |         |        |          |              | <del></del> |
| Undi           | erpayment on line 17 x <u>Number of days on line 21</u> x 5% 366  | 22 | \$      | \$     | \$       | \$           | \$          |
| Num            | ber of days on line 20 after 6/30/2004 and before 10/1/2004   | 23 |         |        |          |              | <del></del> |
| Unde           | erpayment on line 17 x <u>Number of days on line 23</u> x 4%  | 24 | \$      | \$     | \$       | \$           | \$          |
| Num            | ber of days on line 20 after 9/30/2004 and before 1/1/2005  | 25 |         |        |          | <del> </del> |             |
| Unde           | erpayment on line 17 x <u>Number of days on line 2</u> 5 x 5%   | 26 | \$      | \$     | s        | \$           | \$          |
| Num            | ber of days on line 20 after 12/31/2004 and before 4/1/2005   | 27 |         |        | <u></u>  | <del> </del> | -           |
| Unde           | erpayment on line 17 x Number of days on line 27 x 5% 365   | 28 | \$      | \$     | <u>s</u> | \$           | - \$        |
| Num            | ber of days on line 20 after 3/31/2005 and before 7/1/2005  | 29 |         |        |          | <del> </del> |             |
| Unde           | erpayment on line 17 x <u>Number of days on line 29</u> x *%  | 30 | \$      | \$     | \$       | <b>s</b>     |             |
| Num            | ber of days on line 20 after 6/30/2005 and before 10/1/2005   | 31 |         |        |          |              |             |
| ! Unde         | erpayment on line 17 x Number of days on line 31 x *%   | 32 | \$      | s .    | \$       | s            | <u>s</u>    |
| Num            | ber of days on line 20 after 9/30/2005 and before 1/1/2006  | 33 |         | -      |          |              | -           |
| Unde           | erpayment on line 17 x Number of days on line 33 x *%   | 34 | \$      | \$     | \$       | \$           | _ s         |
| Num            | ber of days on line 20 after 12/31/2005 and before 2/16/2006  | 35 | .4.     |        |          |              | -           |
| Unde           | erpayment on line 17 x Number of days on line 35 x *% 365   | 36 | \$      | \$     | \$       | \$           | <u>_</u> \$ |
|                | lines 22, 24, 26, 28, 30, 32, 34, and 36  | 37 | 2       | 2      |          | 4            | e           |

\*For underpayments paid after March 31, 2005: For lines 30, 32, 34, and 36, use the penalty interest rate for each calendar quarter, which the IRS will determine during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS website at www.krs.gov. You can also call 1-800-829-1040 to get interest rate information.

Form 2220 (2004)

4th Qtr

5th Pyrnt

98

98

20

98

98

16

98

21

98

1,112

122

122

9,708

Underpayment of Estimated Tax by Corporations Worksheet Form 2220 2004 For calendar year 2004 or tax year beginning ending Name **Employer Identification Number** ENERGY MERCHANT CORP 13-3855623 1st Otr 2nd Otr 3rd Qtr 4/15/04 6/15/04 9/15/04 12/15/04 Due date of estimated payment 9,707 9,708 9,708 Amount of underpayment Withholding 1st Pymt 2nd Pymt 3rd Pymt 4th Pymt Date of payment Amount of payment PENALTY QTR FROM TO UNDERPAYMENT #DAYS RATE 6/30/04 9,707 5.00 1 4/15/04 76 101 6/30/04 9/30/04 9,707 92 4.00 1 9/30/04 12/31/04 9,707 92 5.00 1 122 12/31/04 3/15/05 9,707 74 5.00 1 2 6/15/04 6/30/04 9,708 15 5.00

9,708

9,708

9,708

9,708

9,708

9,708

9,708

9,708

92

92

74

15

92

74

16

74

4.00

5.00

5.00

4.00

5.00

5.00

5.00

5.00

TOTAL PENALTY

9/30/04

3/15/05

9/30/04

3/15/05

3/15/05

12/31/04

12/31/04

12/31/04

2

2

2

3

3

3

4

6/30/04

9/30/04

9/15/04

9/30/04

12/31/04

12/15/04

12/31/04

12/31/04

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Form 4562

#### **Depreciation and Amortization**

(Including Information on Listed Property)

OMB No. 1545-0172

2004

Department of the Treasury Internal Revenue Service Name(s) shown on return

See separate instructions.

Attach to your tax return.

Attachment Sequence No. 67

Identifying number

|                                 | NERGY MERCHANT CO   | RP   | <del></del>  |  |  | 13-  | 385   | 55623                      |
|---------------------------------|---|--|--|--|--|--|---|----------------------------|
| -                               | ess or activity to which this form relates EGULAR DEPRECIATI  | ON   |  |  |  |  |   |                            |
|                                 | ert I Election To Exper   |  | perty Under Sec  | ion 179  |  |  |   |                            |
| _                               | Note: If you have a   | •  |  |  | u complete F                           | art I.   |   |                            |
| 1                               | Maximum amount. See page 2 of   | the instructions for a   | higher limit for certal  | n businesses   |  |  | 1   | 102,000                    |
| 2                               | Total cost of section 179 property  | placed in service (se  | ee page 3 of the instr   | ictions)   |  |  | 2   |                            |
| 3                               | Threshold cost of section 179 proj  |  | - 1- 41 14 A1 .  |  |  |  | 3   | 410,000                    |
| 4                               | Reduction in limitation. Subtract lin   |  |  | <b></b>  |  |  | 4   |                            |
| 5_                              | Dollar limitation for tax year. Subtract lin  | e 4 from line 1. If zero c   | or less, enter -0 If marrie  | d filing separately,   | see page 3 of the kr                   | structions   | 5   |                            |
|                                 | (a) Descriptio  | n of property  | (b   | Cost (business u   | se only) (c)                           | Elected cos  | t   |                            |
| 6                               |   |  |  |  |  |  |   |                            |
|                                 |   |  | <u>l</u>   | ·  |  |  |   | 1                          |
| 7                               | Listed property. Enter the amount   |  |  | ,  | 7                                      |  |   |                            |
| 8                               | Total elected cost of section 179 p   |  |  |  |  |  | 8   |                            |
| 9                               | Tentative deduction. Enter the sm   | aller of line 5 or line  | 8  | <b></b>  |  |  | 9   |                            |
| 10                              | Carryover of disallowed deduction   | from line 13 of your   | 2003 Form 4562   | <i>.</i>   |  | <u>]</u>   | 10  |                            |
| 11                              | Business income limitation. Enter   | the smaller of busine  | ess income (not less l   | han zero) or line  | 5 (see instruction                     | ns)  | 11  | ļ                          |
| 12                              | Section 179 expense deduction. A  | dd lines 9 and 10, bi  | ut do not enter more t   | han line 11  |  |  | 12  |                            |
| 13                              | Carryover of disallowed deduction   |  |  |  | 13                                     | <del> </del>   |   | <u> </u>                   |
|                                 | Do not use Part II or Part III below  |  |  |  |  |  | <del></del> -                                 |                            |
| <u>Pa</u>                       | rt II Special Depreciati  |  |  |  |  |  |   | <u></u>                    |
| 14                              | Special depreciation allowance for quali  |  |  |  | ar (see pg. 3 of the                   | instructions   |   |                            |
| 15                              | Property subject to section 168(f)(   |  |  | • • • • • • • • • • • • • • •  |  | <b>[</b>   | 15  |                            |
| 16                              | Other depreciation (including ACR   |  |  |  |  | لخبيس  | 16  |                            |
| Pa                              | rt III MACRS Depreciat  | ion (Do not incli  |  |  | e 5 of the ins                         | tructions  | <u>.)                                    </u> |                            |
|                                 |   |  | Section  |  | <del></del>                            |  |   | 14 64 6                    |
| 17                              | MACRS deductions for assets place   |  |  |  |  |  | 17  | 41,618                     |
| 18                              | If you are electing under section 1   |  | •  | ice during the tax   | ( year                                 |  |   |                            |
|                                 | into one or more general asset acc  |  |  | <del> </del>   |  |  |   |                            |
|                                 |   |  |  | Vanul Inlander   | Conservat Donner                       | 1-N C  |   |                            |
|                                 |   | sets Placed in Sen   | vice During 2004 Tax   |  |  | lation Sys   | tem   |                            |
|                                 |   |  |  | ion (d) Recovery   |  | lation Syst  |   | (g) Depreciation deduction |
| 19a                             | Section B-As  | sets Placed in Sen<br>(b) Month and<br>year placed in  | (c) Basis for deprecial<br>(business/investment  | ion (d) Recovery   |  |  |   | (g) Depreciation deduction |
| 19a                             | Section B-As  | sets Placed in Sen<br>(b) Month and<br>year placed in  | rice During 2004 Tax<br>(c) Basis for deprecial<br>(business/investment<br>only-see instruction  | ion (d) Recovery   |  |  |   | (g) Depreciation deduction |
| <del></del>                     | Section B-As  (a) Classification of property  3-year property  5-year property  | sets Placed in Sen<br>(b) Month and<br>year placed in  | (c) Basis for deprecial<br>(business/investment  | ion (d) Recovery   |  |  |   | (g) Depreciation deduction |
| b<br>c<br>d                     | Section B-As  (a) Classification of property  3-year property  5-year property  7-year property  10-year property   | sets Placed in Sen<br>(b) Month and<br>year placed in  | rice During 2004 Tax<br>(c) Basis for deprecial<br>(business/investment<br>only-see instruction  | ion (d) Recovery   |  |  |   | (g) Depreciation deduction |
| b<br>c<br>d                     | Section B-As  (a) Classification of property  3-year property  5-year property  7-year property  10-year property  15-year property   | sets Placed in Sen<br>(b) Month and<br>year placed in  | rice During 2004 Tax<br>(c) Basis for deprecial<br>(business/investment<br>only-see instruction  | ion (d) Recovery   |  |  |   | (g) Depreciation deduction |
| b<br>c<br>d                     | Section B-As  (a) Classification of property  3-year property  5-year property  7-year property  10-year property  15-year property  20-year property   | sets Placed in Sen<br>(b) Month and<br>year placed in  | rice During 2004 Tax<br>(c) Basis for deprecial<br>(business/investment<br>only-see instruction  | ion use period period  |  | (f) Metho  |   | (g) Depreciation deduction |
| b<br>c<br>d<br>e<br>f           | Section B-As  (a) Classification of property  3-year property  5-year property  7-year property  10-year property  15-year property  20-year property  25-year property   | sets Placed in Sen<br>(b) Month and<br>year placed in  | rice During 2004 Tax<br>(c) Basis for deprecial<br>(business/investment<br>only-see instruction  | (d) Recovery period period   | (e) Convention                         | (f) Method   |   | (g) Depreciation deduction |
| b<br>c<br>d<br>e<br>f           | Section B-As  (a) Classification of property  3-year property  5-year property  7-year property  10-year property  15-year property  20-year property  25-year property  Residential rental   | sets Placed in Sen<br>(b) Month and<br>year placed in  | rice During 2004 Tax<br>(c) Basis for deprecial<br>(business/investment<br>only-see instruction  | (d) Recovery period period 25 yrs. 27.5 yrs.   | (e) Convention                         | (f) Methods  |   | (g) Depreciation deduction |
| b<br>c<br>d<br>e<br>f           | Section B-As  (a) Classification of property  3-year property  5-year property  7-year property  10-year property  20-year property  25-year property  Residential rental property  | sets Placed in Sen<br>(b) Month and<br>year placed in  | rice During 2004 Tax<br>(c) Basis for deprecial<br>(business/investment<br>only-see instruction  | (d) Recovery period  25 yrs. 27.5 yrs. 27.5 yrs.   | (e) Convention  MM  MM                 | (f) Metho<br>S/L<br>S/L  |   | (g) Depreciation deduction |
| b<br>c<br>d<br>e<br>f           | Section B-As  (a) Classification of property  3-year property  5-year property  10-year property  15-year property  20-year property  25-year property  Residential rental property  Nonresidential real  | sets Placed in Sen<br>(b) Month and<br>year placed in  | rice During 2004 Tax<br>(c) Basis for deprecial<br>(business/investment<br>only-see instruction  | (d) Recovery period period 25 yrs. 27.5 yrs.   | (e) Convention  MM  MM  MM             | S/L<br>S/L<br>S/L  |   | (g) Depreciation deduction |
| b<br>c<br>d<br>e<br>f           | Section B-As  (a) Classification of property  3-year property  5-year property  10-year property  15-year property  20-year property  25-year property  Residential rental property  Nonresidential real property   | isets Placed in Sen<br>(b) Month and<br>year placed in<br>service  | rice During 2004 Tax<br>(c) Basis for deprecial<br>(business/investment<br>only-see instruction  | (d) Recovery period  25 yrs. 27.5 yrs. 27.5 yrs. 39 yrs.                                     | (e) Convention  MM  MM  MM  MM         | S/L<br>S/L<br>S/L<br>S/L<br>S/L                                    | od  | (g) Depreciation deduction |
| b<br>c<br>d<br>e<br>f           | Section B-As  (a) Classification of property  3-year property  5-year property  10-year property  15-year property  20-year property  25-year property  Residential rental property  Nonresidential real property   | isets Placed in Sen<br>(b) Month and<br>year placed in<br>service  | rice During 2004 Tax<br>(c) Basis for deprecial<br>(business/investment<br>only-see instruction  | (d) Recovery period  25 yrs. 27.5 yrs. 27.5 yrs. 39 yrs.                                     | (e) Convention  MM  MM  MM  MM         | S/L<br>S/L<br>S/L<br>S/L<br>S/L                                    | od  | (g) Depreciation deduction |
| b<br>c<br>d<br>e<br>f<br>g<br>h | Section B-As  (a) Classification of property  3-year property  5-year property  10-year property  15-year property  20-year property  25-year property  Residential rental property  Nonresidential real property   | isets Placed in Sen<br>(b) Month and<br>year placed in<br>service  | rice During 2004 Tax<br>(c) Basis for deprecial<br>(business/investment<br>only-see instruction  | (d) Recovery period  25 yrs. 27.5 yrs. 27.5 yrs. 39 yrs.                                     | (e) Convention  MM  MM  MM  MM         | S/L<br>S/L<br>S/L<br>S/L<br>S/L<br>S/L<br>S/L<br>S/L<br>S/L<br>S/L | od  | (g) Depreciation deduction |
| b<br>c<br>d<br>e<br>f<br>g<br>h | Section B-As  (a) Classification of property  3-year property  5-year property  7-year property  10-year property  20-year property  25-year property  Residential rental property  Nonresidential real property  Section C-Ass   | isets Placed in Sen<br>(b) Month and<br>year placed in<br>service  | rice During 2004 Tax<br>(c) Basis for deprecial<br>(business/investment<br>only-see instruction  | (d) Recovery period  25 yrs. 27.5 yrs. 27.5 yrs. 39 yrs.  (ear Using the Al                  | MM MM MM MM MM MM ternative Depre      | S/L S/L S/L S/L S/L S/L S/L S/L S/L S/L                            | od  | (g) Depreciation deduction |
| b c d f g h                     | Section B-As  (a) Classification of property  3-year property  5-year property  7-year property  10-year property  20-year property  25-year property  Residential rental property  Nonresidential real property  Section C-Ass  Class life  12-year  40-year   | sets Placed in Service  (b) Month and year placed in service   | (c) Basis for deprecial (business/investment only-see instruction  | (d) Recovery period  25 yrs. 27.5 yrs. 27.5 yrs. 39 yrs.                                     | (e) Convention  MM  MM  MM  MM         | S/L<br>S/L<br>S/L<br>S/L<br>S/L<br>S/L<br>S/L<br>S/L<br>S/L<br>S/L | od  | (g) Depreciation deduction |
| b c d e f g h h                 | Section B-As  (a) Classification of property  3-year property  5-year property  7-year property  10-year property  20-year property  25-year property  Residential rental property  Nonresidential real property  Section C-Ass  Class life  12-year  40-year  rt IV Summary (see page  | ets Placed in Service  (b) Month and year placed in service  ets Placed in Service   | (c) Basis for deprecial (business/investment only-see instruction  | (d) Recovery period  25 yrs. 27.5 yrs. 27.5 yrs. 39 yrs.  (ear Using the Al                  | MM MM MM MM MM MM ternative Depre      | S/L S/L S/L S/L S/L S/L S/L S/L S/L S/L                            | stem  | (g) Depreciation deduction |
| b c d e f g h h l               | Section B-As  (a) Classification of property  3-year property  5-year property  7-year property  10-year property  15-year property  20-year property  25-year property  Residential rental property  Nonresidential real property  Section C-Ass  Class life  12-year  40-year  rt IV Summary (see pactisted property.   | ets Placed in Service  (b) Month and year placed in service  ets Placed in Service  ge 8 of the instruction ine 28   | (c) Basis for deprecial (business/investment only-see instruction only-see During 2004 Tax )   | (d) Recovery period  25 yrs. 27.5 yrs. 27.5 yrs. 39 yrs.  (ear Using the All 12 yrs. 40 yrs. | MM MM MM MM MM MM MM MM MM MM MM MM MM | S/L S/L S/L S/L S/L S/L S/L S/L S/L S/L                            | od  | (g) Depreciation deduction |
| b c d e f g h h l               | (a) Classification of property  3-year property  5-year property  7-year property  10-year property  15-year property  20-year property  25-year property  Residential rental property  Nonresidential real property  Section C-Ass  Class life  12-year  40-year  rt IV Summary (see pactisted property. Enter amount from Total. Add amounts from line 12, ii                                       | ets Placed in Service  (b) Month and year placed in service  ets Placed in Service  ge 8 of the instruction line 28 ines 14 through 17, 1  | (c) Basis for deprecial (business/investment only-see instruction only-see instruction only-see instruction)  ce During 2004 Tax \( \)   | (d) Recovery period  25 yrs. 27.5 yrs. 27.5 yrs. 39 yrs.  Year Using the All 12 yrs. 40 yrs. | MM MM MM MM MM MM MM MM MM MM MM MM MM | S/L S/L S/L S/L S/L S/L S/L S/L S/L S/L                            | sstem 21                                      |                            |
| b c d e f g h h                 | (a) Classification of property  3-year property  5-year property  7-year property  10-year property  15-year property  20-year property  25-year property  Residential rental property  Nonresidential real property  Section C-Ass  Class life  12-year  40-year  rt IV Summary (see page Listed property. Enter amount from Total. Add amounts from line 12, life Enter here and on the appropriate | ets Placed in Service  (b) Month and year placed in service  ets Placed in Service  ets Placed in Service  pe 8 of the instruction in 28 ines 14 through 17, 1 lines of your return.   | (c) Basis for deprecial (business/investment only-see Instruction only-see Instruction only-see Instruction)  Description of the control of t | (d) Recovery period  25 yrs. 27.5 yrs. 27.5 yrs. 39 yrs.  Year Using the All 12 yrs. 40 yrs. | MM MM MM MM MM MM MM MM MM MM MM MM MM | S/L S/L S/L S/L S/L S/L S/L S/L S/L S/L                            | stem  | (g) Depreciation deduction |
| b c d e f g h h l               | (a) Classification of property  3-year property  5-year property  7-year property  10-year property  15-year property  20-year property  25-year property  Residential rental property  Nonresidential real property  Section C-Ass  Class life  12-year  40-year  rt IV Summary (see pactisted property. Enter amount from Total. Add amounts from line 12, ii                                       | ets Placed in Service  (b) Month and year placed in service  ets Placed in Service  ge 8 of the instruction line 28 ines 14 through 17, 1 lines of your return. It in service during the | (c) Basis for deprecial (business/investment only-see instruction only-see instruction)  ce During 2004 Tax \( \)  | (d) Recovery period  25 yrs. 27.5 yrs. 27.5 yrs. 39 yrs.  Year Using the All 12 yrs. 40 yrs. | MM MM MM MM MM MM MM MM MM MM MM MM MM | S/L S/L S/L S/L S/L S/L S/L S/L S/L S/L                            | sstem 21                                      |                            |

13-3855623

FYE: 12/31/2004

## CONSOLIDATED REPORT FORM 1120, PAGE 1

|      |                                      | COMBINED TOTALS |       | ADJUSTMENTS | CONSOLIDATED CLIENT<br>ENERGY MERCHANT<br>CORP |
|------|--------------------------------------|-----------------|-------|-------------|--|
|      |                                      |                 |       |             | 13-3855623                                     |
| 1 A  | GROSS RECEIPTS OR SALES              |                 |       |             | -  |
| 1 B  | LESS RETURNS AND ALLOWANCES          | ,               |       |             |  |
| 1 C  | NET RECEIPTS OR SALES                |                 |       |             |  |
| 2    | COST OF GOODS SOLD                   |                 |       |             |  |
| 3    | GROSS PROFIT                         |                 |       |             |  |
| 4    | DIVIDENDS                            | 1,000,000       |       |             | 1,000,000                                      |
| 5    | INTEREST                             | 26,865          |       |             | 26,865   |
| 6    | GROSS RENTS                          |                 |       |             |  |
| 7    | GROSS ROYALTIES                      |                 |       |             |  |
| 8    | CAPITAL GAIN NET INCOME              | 5,918,000       |       |             | 5,918,000                                      |
| 9    | NET GAIN OR (LOSS) FROM FORM 4797    |                 |       |             |  |
| 10   | OTHER INCOME                         | -398,355        |       |             | -398,355                                       |
| 11   | TOTAL INCOME                         | 6,546,510       |       |             | 6,546,510                                      |
| 12   | COMPENSATION OF OFFICERS             | 918,188         |       |             | 918,188  |
| 13   | SALARIES AND WAGES                   | 423,558         |       |             | 423,558  |
| 14   | REPAIRS AND MAINTENANCE              | 2,858           |       |             | 2,858  |
| 15   | BAD DEBTS                            |                 |       |             |  |
| 16   | RENTS                                | 367,578         |       |             | 367,578  |
| 17   | TAXES AND LICENSES                   | 147,773         |       |             | 147,773  |
| 18   | INTEREST                             |                 |       |             |  |
| 19   | CHARITABLE CONTRIBUTIONS             |                 |       |             |  |
| 20   | DEPRECIATION                         | 41,618          |       |             | 41,618   |
| 21 A | LESS DEPRECIATION CLAIMED            |                 |       |             |  |
|      | ON SCH A AND ELSEWHERE               |                 |       |             |  |
| 21 B | PAGE 1 DEPRECIATION                  | 41,618          | : · · |             | 41,618   |
| 22   | DEPLETION                            |                 |       |             |  |
| 23   | ADVERTISING                          |                 |       |             |  |
| 24   | PENSION, PROFIT-SHARING, ETC., PLANS | 102,927         |       |             | 102,927  |
| 25   | EMPLOYEE BENEFIT PROGRAMS            | 181,990         |       |             | 181,990  |
| 26   | OTHER DEDUCTIONS                     | 1,171,583       |       |             | 1,171,583                                      |
| 27   | TOTAL DEDUCTIONS                     | 3,358,073       |       |             | 3,358,073                                      |
| 28   | TAXABLE INCOME BEFORE NOL AND        |                 | •     |             |  |
|      | SPECIAL DEDUCTIONS                   | 3,188,437       | 2     |             | 3,188,437                                      |
| 29 A | NOL DEDUCTION                        | 3,546,110       |       | -1,357,67   | 3 2,188,437                                    |
| 29 B | SPECIAL DEDUCTIONS                   | 1,000,000       |       |             | 1,000,000                                      |
| 30   | TAXABLE INCOME                       | -1,357,673      |       | 1,357,673   | 3 0  |

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## CONSOLIDATED REPORT FORM 1120, PAGE 1

|            |                                      | PARENT CLIENT<br>ENERGY MERCHANT<br>CORP | SUBSIDIARY CLIENT<br>POWERINE OIL<br>COMPANY | SUBSIDIARY CLIENT<br>ANGLO PETROLEUM<br>CORPORATION | SUBSIDIARY CLIENT<br>CORPORATE<br>DEVELOPMENT INC | SUBSIDIARY CLIENT<br>ENERGY MERCHANT<br>HOLDING INC |  |
|------------|--------------------------------------|--|--|---|---|---|--|
|            |                                      | 13-3855823                               | 95-4584080                                   | 95-4059009  | 13-3817433  | 13-4104912  |  |
| 1 A        | GROSS RECEIPTS OR SALES              |  |  |   |   |   |  |
| 1 B        | LESS RETURNS AND ALLOWANCES          |  |  |   |   |   |  |
| 1 C        | NET RECEIPTS OR SALES                |  |  |   |   |   |  |
| 2          | COST OF GOODS SOLD                   |  |  |   |   |   |  |
| 3          | GROSS PROFIT                         |  |  |   |   |   |  |
| 4          | DIVIDENDS                            | 1,000,000                                |  |   |   |   |  |
| 5          | INTEREST                             | 20,613                                   |  |   |   | 6,252   |  |
| 6          | GROSS RENTS                          |  |  |   |   |   |  |
| 7          | GROSS ROYALTIES                      |  |  |   |   |   |  |
| 8          | CAPITAL GAIN NET INCOME              |  |  |   |   | 5,918,000   |  |
| 9          | NET GAIN OR (LOSS) FROM FORM 4797    |  |  | •   |   |   |  |
| LO         | OTHER INCOME                         | 1,630,550                                | 349,237                                      |   |   | -2,378,142  |  |
| .1         | TOTAL INCOME                         | 2,651,163                                | 349,237                                      |   |   | 3,546,110   |  |
| .2         | COMPENSATION OF OFFICERS             | 918,188                                  |  |   |   |   |  |
| 13         | SALARIES AND WAGES                   | 423,558                                  |  | ,   |   |   |  |
| L <b>4</b> | REPAIRS AND MAINTENANCE              | 2,858                                    |  |   |   |   |  |
| . 5        | BAD DEBTS                            |  |  | •   |   |   |  |
| .6         | RENTS                                | 367,578                                  |  |   |   |   |  |
| .7         | TAXES AND LICENSES                   | 147,773                                  |  |   |   |   |  |
| L B        | INTEREST                             |  |  |   |   |   |  |
| .9         | CHARITABLE CONTRIBUTIONS             |  |  |   |   |   |  |
| 20         | DEPRECIATION                         | 41,618                                   |  |   |   |   |  |
| 1 A        | LESS DEPRECIATION CLAIMED            |  |  |   |   |   |  |
|            | ON SCH A AND ELSEWHERE               |  |  |   |   |   |  |
| 1 B        | PAGE 1 DEPRECIATION                  | 41,618                                   |  |   |   |   |  |
| 2          | DEPLETION                            |  |  |   |   |   |  |
| 23         | ADVERTISING                          |  |  |   |   |   |  |
| 4          | PENSION, PROFIT-SHARING, ETC., PLANS | 102,927                                  |  |   |   |   |  |
| 25         | EMPLOYEE BENEFIT PROGRAMS            | 181,990                                  |  |   |   |   |  |
| 26         | OTHER DEDUCTIONS                     | 1,171,583                                |  |   |   |   |  |
| 27         | TOTAL DEDUCTIONS                     | 3,35%,073                                |  |   |   |   |  |
| 8 8        | TAXABLE INCOME BEFORE NOL AND        |  |  |   |   |   |  |
|            | SPECIAL DEDUCTIONS                   | -706,910                                 | 349,237                                      | 0   | 0   | 3,546,110   |  |
| 29 A       | NOL DEDUCTION                        |  |  |   |   | 3,546,110   |  |
| 9 B        | SPECIAL DEDUCTIONS                   | 1,000,000                                |  |   |   |   |  |
| 30         | TAXABLE INCOME                       | -1,706,910                               | 349,237                                      | 0   | 0   | 0   |  |

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### CONSOLIDATED REPORT 1120 SCHEDULE C

|      |  | COMBINED TOTALS | ADJUSTMENTS CONSOLIDATED CLIENT<br>ENERGY MERCHANT<br>CORP |   |
|------|--|-----------------|--|---|
|      |  |                 | CORP -<br>13-3855823                                       |   |
| DIVI | DENDS RECEIVED   |                 |  |   |
| 1    | DOMESTIC CORPS - SUBJECT TO 70% DED                        |                 |  |   |
| 2    | DOMESTIC CORPS - SUBJECT TO 80% DED                        |                 |  |   |
| 3    | DEBT FINANCED STOCK - DOM AND FGN                          |                 |  |   |
| 4    | PREF. STOCK < 20% OWNED PUBLIC UTIL                        |                 |  |   |
| 5    | PREF. STOCK >= 20% OWNED PUBLIC UTIL                       |                 |  |   |
| 6    | < 20% FOREIGN CORPS & FSCS - 70%                           |                 |  |   |
| 7    | >= 20% FOREIGN CORPS & FSCS - 80%                          |                 |  |   |
| 8    | WHOLLY OWNED FGN SUBSIDIARIES - 1004                       |                 |  |   |
| 10   | DOMESTIC CORPS - SMALL BUS INV ACT                         |                 |  |   |
| 11   | AFFILIATED GROUP MEMBERS AND CERTAIN                       |                 |  |   |
|      | FSCS - 100%  | 1,000,000       | 1,000,000  |   |
| 12   | CONTROLLED FOREIGN CORPORATIONS - 85%                      | <b>*</b> ·      |  | • |
| +13  | FOREIGN CORPS NOT INCLUDED ABOVE                           |                 |  |   |
| 14   | CONTROLLED FGN CORPS UNDER SUBPART F                       |                 |  |   |
| 15   | FOREIGN DIVIDEND GROSS-UP                                  | •               |  |   |
| 16   | IC-DISC & FORMER DISC DIV                                  |                 |  |   |
|      | NOT INCLUDED ABOVE   |                 |  |   |
| 17   | OTHER DIVIDENDS  |                 |  |   |
| 19   | TOTAL DIVIDENDS  | 1,000,000       | 1,000,000  |   |
| SPEC | IAL DEDUCTIONS   |                 |  |   |
| 1    | DOMESTIC CORPS - SUBJECT TO 70% DED                        |                 |  |   |
| 2    | DOMESTIC CORPS - SUBJECT TO 804 DED                        |                 |  |   |
| 3    | DEBT FINANCED STOCK - DOM AND FGN                          |                 |  |   |
| 4    | PREF. STOCK < 20% OWNED PUBLIC UTIL                        |                 |  |   |
| 5    | PREF. STOCK >= 204 OWNED PUBLIC UTIL                       |                 |  |   |
| 6    | < 20% FOREIGN CORPS & FSCS - 70%                           |                 |  |   |
| 7    | >= 20% FOREIGN CORPS & FSCS - 80%                          |                 |  |   |
| 8    | WHOLLY OWNED FGN SUBSIDIARIES - 1004                       |                 |  |   |
| 9    | TOTAL LINES 1 THROUGH 8                                    |                 |  |   |
| 10   | DOMESTIC CORPS - SMALL BUS INV ACT                         |                 |  |   |
| 11   | AFFILIATED GROUP MEMBERS AND CERTAIN                       |                 |  |   |
|      | FSCS - 100%  | 1,000,000       | 1,000,000  |   |
| 12   | CONTROLLED FOREIGN CORPORATIONS - 85%                      |                 |  |   |
| 18   | DED FOR DIV PAID ON PREFERRED<br>STOCK OF PUBLIC UTILITIES |                 |  |   |
| 20   | TOTAL SPECIAL DEDUCTIONS                                   | 1,000,000       | 1,000,000  |   |
|      |  |                 |  |   |

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## CONSOLIDATED REPORT 1120 SCHEDULE C

|          |   | PARENT CLIENT<br>ENERGY MERCHANT<br>CORP | SUBSIDIARY CLIENT<br>POWERINE OIL<br>COMPANY | SUBSIDIARY CLIENT<br>ANGLO PETROLEUM<br>CORPORATION | SUBSIDIARY CLIENT<br>CORPORATE<br>DEVELOPMENT INC | SUBSIDIARY CLIENT<br>ENERGY MERCHANT<br>HOLDING INC |   |
|----------|---|--|--|---|---|---|---|
|          |   | 13-3655023                               | 95-4564080                                   | 95-4059009  | 13-3817433  | 13-4104912  |   |
| DIVID    | ENDS RECEIVED   |  |  |   | •   |   |   |
| 1        | DOMESTIC CORPS - SUBJECT TO 70% DED                     |  |  |   |   |   |   |
| 2        | DOMESTIC CORPS - SUBJECT TO 80% DED                     |  |  |   |   |   |   |
| 3        | DEBT FINANCED STOCK - DOM AND FGN                       |  |  |   |   |   |   |
| 4        | PREF. STOCK < 20% OWNED PUBLIC UTIL                     |  |  |   |   |   | • |
| 5        | PREF. STOCK >= 20% OWNED PUBLIC UTIL                    |  |  |   |   |   |   |
| 6        | < 20% FOREIGN CORPS & FSCS - 70%                        |  |  |   |   |   |   |
| 7        | >= 20% FOREIGN CORPS & FSCS - 80%                       |  |  |   |   |   | _ |
| 8        | WHOLLY OWNED FGN SUBSIDIARIES - 100                     |  | •  |   |   |   |   |
| 10<br>11 | DOMESTIC CORPS - SMALL BUS INV ACT                      |  |  |   |   |   |   |
| 11       | AFFILIATED GROUP MEMBERS AND CERTAIN FSCS ~ 100%        | 1,000,000                                | •  |   |   |   |   |
| 12       | CONTROLLED FOREIGN CORPORATIONS - 85%                   | 1,000,000                                |  |   |   |   |   |
| 13       | FOREIGN CORPS NOT INCLUDED ABOVE                        |  |  |   |   |   |   |
| 14       | CONTROLLED PGN CORPS UNDER SUBPART P                    |  |  |   |   |   |   |
| 15       | FOREIGN DIVIDEND GROSS-UP                               |  |  |   |   |   |   |
| 16       | IC-DISC & FORMER DISC DIV                               |  |  |   |   |   |   |
|          | NOT INCLUDED ABOVE                                      |  |  |   |   |   |   |
| 17       | OTHER DIVIDENDS   |  |  |   |   |   |   |
| 19       | TOTAL DIVIDENDS   | 1,000,000                                |  |   |   |   |   |
| SPECI    | AL DEDUCTIONS   |  |  |   |   |   |   |
| · 1      | DOMESTIC CORPS - SUBJECT TO 70% DED                     |  |  |   |   |   |   |
| 2        | DOMESTIC CORPS - SUBJECT TO 80% DED                     |  |  |   |   |   |   |
| 3        | DEBT FINANCED STOCK - DOM AND FGN                       |  |  |   |   |   |   |
| 4        | PREF. STOCK < 20% OWNED PUBLIC UTIL                     |  |  |   |   |   |   |
| 5        | PREF. STOCK >= 204 OWNED PUBLIC UTIL                    |  |  |   |   |   |   |
| 6        | < 20% FOREIGN CORPS & FSCS - 70%                        |  |  |   |   |   |   |
| 7        | >= 20% FOREIGN CORPS & FSCS - 80%                       |  |  |   |   |   |   |
| 8        | WHOLLY OWNED FGN SUBSIDIARIES - 100€                    |  |  |   |   |   |   |
| 9        | TOTAL LINES 1 THROUGH 8                                 |  |  |   |   |   |   |
| 10       | DOMESTIC CORPS - SMALL BUS INV ACT                      |  |  |   |   |   |   |
| 11       | AFFILIATED GROUP MEMBERS AND CERTAIN                    |  |  |   |   |   |   |
|          | FSCS - 100%   | 1,000,000                                |  |   |   |   |   |
| 12       | CONTROLLED FOREIGN CORPORATIONS - 85*                   |  |  |   |   |   |   |
| 18       | DED FOR DIV PAID ON PREFERRED STOCK OF PUBLIC UTILITIES |  |  |   |   |   |   |
| 20       | TOTAL SPECIAL DEDUCTIONS                                | 1,000,000                                |  |   |   |   |   |
|          |   |  |  |   |   |   |   |

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## **CONSOLIDATED REPORT** 1120 SCHEDULE L BEGINNING OF TAX YEAR

|       |  | COMBINED TOTALS | ADJUSTMENTS ( | CONSOLIDATED CLIENT<br>ENERGY MERCHANT<br>CORP |  |
|-------|--|-----------------|---------------|--|--|
|       |  |                 | <u> </u>      | 13-3855823                                     |  |
| ASSET | rs ·                                   |                 |               |  |  |
| 1     | CASH                                   | 485,927         | 2             | 485,929  |  |
| 2 A   | TRADE NOTES AND ACCOUNTS RECEIVABLE    |                 |               |  |  |
| 2 B   | LESS ALLOWANCE FOR BAD DEBTS           |                 |               |  |  |
| 3     | INVENTORIES                            |                 |               |  |  |
| 4     | U.S. GOVERNMENT OBLIGATIONS            |                 |               |  |  |
| 5     | TAX-EXEMPT SECURITIES                  |                 | •             |  |  |
| 6     | OTHER CURRENT ASSETS                   | 2,426,276       |               | 2,426,276                                      |  |
| 7     | LOANS TO SHAREHOLDERS                  | 881,745         | -881,745      |  |  |
| 8     | MORTGAGE AND REAL ESTATE LOANS         |                 | •             |  |  |
| 9     | OTHER INVESTMENTS                      | -823,759        | 285,574       | -538,185                                       |  |
| 10 A  | BUILDINGS AND OTHER DEPRECIABLE ASSETS | 590,258         |               | 590,258  |  |
| 10 B  | LESS ACCUMULATED DEPRECIATION          | 301,496         |               | 301,496  |  |
| 11 A  | DEPLETABLE ASSETS                      |                 |               |  |  |
| 11 B  | LESS ACCUMULATED DEPLETION             |                 |               |  |  |
| 12    | LAND (NET OF ANY AMORTIZATION)         |                 |               |  |  |
| 13 A  | INTANGIBLE ASSETS (AMORTIZABLE ONLY)   |                 |               |  |  |
| 13 B  | LESS ACCUMULATED AMORTIZATION          |                 |               |  |  |
| 14    | OTHER ASSETS                           | 155,699         |               | 155,699  |  |
| 15    | TOTAL ASSETS                           | 3,414,650       | -596,169      | 2,818,481                                      |  |
| LIABI | LITIES AND SHAREHOLDERS' EQUITY        |                 |               |  |  |
| 16    | ACCOUNTS PAYABLE                       | 3,689,260       |               | 3,689,260                                      |  |
| 17    | MORTGAGES, NOTES, AND BONDS            |                 |               |  |  |
|       | PAYABLE IN LESS THAN 1 YEAR            |                 |               |  |  |
| 18    | OTHER CURRENT LIABILITIES              | 968,987         | -881,745      | 87,242   |  |
| 19    | LOANS FROM SHAREHOLDERS                | 230,000         |               | 230,000  |  |
| 20    | MORTGAGES, NOTES, AND BONDS            |                 |               |  |  |
|       | PAYABLE IN 1 YEAR OR MORE              | 8,487,170       | •             | 8,487,170                                      |  |
| 21    | OTHER LIABILITIES                      |                 |               |  |  |
| 22 A  | CAPITAL STOCK - PREFERRED              |                 |               |  |  |
| 22 B  | CAPITAL STOCK - COMMON                 | 3,350,501       | -501          | 3,350,000                                      |  |
| 23    | ADDITIONAL PAID-IN CAPITAL             | 23,692,904      | -23,343,204   | 349,700  |  |
| 24    | RETAINED EARNINGS - APPROPRIATED       |                 |               |  |  |
| 25    | RETAINED EARNINGS - UNAPPROPRIATED     | -36,304,172     | 23,629,281    | -12,674,891                                    |  |
| 26    | ADJUSTMENTS TO SHAREHOLDERS' EQUITY    |                 |               |  |  |
| 27    | LESS COST OF TREASURY STOCK            | 700,000         |               | 700,000  |  |
| 28    | TOTAL LIABILITIES AND                  |                 |               | ,  |  |
|       | SHAREHOLDERS' EQUITY                   | 3,414,650       | -596,169      | 2,818,481                                      |  |

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CONSOLIDATED REPORT
1120 SCHEDULE L BEGINNING OF TAX YEAR

| FYE: | 12/31 | /2004 |
|------|-------|-------|
|------|-------|-------|

| -    |  | PARENT CLIENT<br>ENERGY MERCHANT<br>CORP | SUBSIDIARY CLIENT<br>POWERINE OIL<br>COMPANY | SUBSIDIARY CLIENT<br>ANGLO PETROLEUM<br>CORPORATION | SUBSIDIARY CLIENT<br>CORPORATE<br>DEVELOPMENT INC | SUBSIDIARY CLIENT<br>ENERGY MERCHANT<br>HOLDING INC |
|------|--|--|--|---|---|---|
|      |  | 13-3855823                               | 95-4584080                                   | 95-4059009  | 13-3817433  | 13-4104912  |
| SSET | 9                                      |  |  |   |   |   |
| 1    | CASH                                   | 485,927                                  |  |   |   |   |
| 2 A  | TRADE NOTES AND ACCOUNTS RECEIVABLE    |  |  |   |   |   |
| 2 B  | LESS ALLOWANCE FOR BAD DEBTS           |  |  |   |   |   |
| 3    | INVENTORIES                            |  |  |   |   |   |
| 4    | U.S. GOVERNMENT OBLIGATIONS            |  |  |   |   |   |
| 5    | TAX-EXEMPT SECURITIES                  |  |  |   |   |   |
| 6    | OTHER CURRENT ASSETS                   | 2,426,276                                |  |   |   |   |
| 7    | LOANS TO SHAREHOLDERS                  |  | 881,745                                      |   |   |   |
| В    | MORTGAGE AND REAL ESTATE LOANS         |  |  |   |   |   |
| 9    | OTHER INVESTMENTS                      | 461,815                                  |  |   |   | -1,285,574  |
| A 0. | BUILDINGS AND OTHER DEPRECIABLE ASSETS | 590,258                                  |  |   |   |   |
| 0 B  | LESS ACCUMULATED DEPRECIATION          | 301,496                                  |  |   |   |   |
| 1 A  | DEPLETABLE ASSETS                      |  |  |   |   |   |
| 1 B  | LESS ACCUMULATED DEPLETION             |  |  |   |   |   |
| 2    | LAND (NET OF ANY AMORTIZATION)         |  |  |   |   |   |
| 3 A  | INTANGIBLE ASSETS (AMORTIZABLE ONLY)   |  |  |   |   |   |
| 3 B  | LESS ACCUMULATED AMORTIZATION          |  |  |   |   |   |
| 4    | OTHER ASSETS                           | 155,699                                  |  | ·   |   |   |
| 5    | TOTAL ASSETS                           | 3,818,479                                | 881,745                                      | 0   | 0   | -1,285,574  |
| IABI | LITIES AND SHAREHOLDERS' EQUITY        |  |  |   |   |   |
| 6    | ACCOUNTS PAYABLE                       |  | 3,689,260                                    |   |   |   |
| 7    | MORTGAGES, NOTES, AND BONDS            |  |  |   |   |   |
|      | PAYABLE IN LESS THAN 1 YEAR            |  |  | •   |   |   |
| 8    | OTHER CURRENT LIABILITIES              | 968,987                                  |  |   |   |   |
| 9    | LOANS FROM SHAREHOLDERS                | 230,000                                  |  |   |   |   |
| 0    | MORTGAGES, NOTES, AND BONDS            |  |  |   |   |   |
|      | PAYABLE IN 1 YEAR OR MORE              |  | 8,487,170                                    |   |   |   |
| 1    | OTHER LIABILITIES                      |  |  |   |   |   |
| 2 A  | CAPITAL STOCK - PREFERRED              |  |  |   |   |   |
| 2 B  | CAPITAL STOCK - COMMON                 | 3,350,000                                | 1  |   |   | 500   |
| 3    | ADDITIONAL PAID-IN CAPITAL             | 349,700                                  | 999,999                                      |   |   | 22,343,205  |
| 4    | RETAINED EARNINGS - APPROPRIATED       |  |  |   |   |   |
| 5    | RETAINED EARNINGS - UNAPPROPRIATED     | -380,208                                 | -12,294,685                                  |   |   | -23,629,279   |
| 6    | ADJUSTMENTS TO SHAREHOLDERS' EQUITY    |  |  |   |   |   |
| 7    | LESS COST OF TREASURY STOCK            | 700,000                                  |  |   |   |   |
| . В  | TOTAL LIABILITIES AND                  | <del></del>                              |  |   | _   |   |
|      | SHAREHOLDERS' EQUITY                   | 3,818,479                                | 881,745                                      | ٥   | ·   | -1,285,574  |

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# CONSOLIDATED REPORT 1120 SCHEDULE L END OF TAX YEAR

|        |   | COMBINED TOTALS  |             | NSOLIDATED CLIENT      |
|--------|---|--|-------------|------------------------|
|        |   |  | , E         | NERGY MERCHANT<br>CORP |
|        |   |  | •           |                        |
| 10000  | a a   |  |             | 13-3855623             |
| ASSET  |   |  | _           |                        |
| 1      | CASH  | 240,207  | 1           | 240,208                |
| 2 A    | TRADE NOTES AND ACCOUNTS RECEIVABLE               |  |             |                        |
| 2 B    | LESS ALLOWANCE FOR BAD DEBTS                      |  |             |                        |
| 3      | INVENTORIES                                       |  | •           |                        |
| 4<br>5 | U.S. GOVERNMENT OBLIGATIONS TAX-EXEMPT SECURITIES |  |             |                        |
| 6      | OTHER CURRENT ASSETS                              | 7 040 530  |             | 7,849,530              |
| 7      | LOANS TO SHAREHOLDERS                             | 7,849,530<br>881,745   | 001 745     | 1,043,320              |
| 8      | MORTGAGE AND REAL ESTATE LOANS                    | 801,743  | -881,745    |                        |
| 9      | OTHER INVESTMENTS                                 | 3,513,428  | -2,256,713  | 1,256,715              |
| 10 A   | BUILDINGS AND OTHER DEPRECIABLE ASSETS            | 590,258  | -2,230,713  | 590,258                |
| 10 A   | LESS ACCUMULATED DEPRECIATION                     | 389,216  |             | 389,216                |
| 11 A   | DEPLETABLE ASSETS                                 | 303,220  |             | 303,220                |
| 11 B   | LESS ACCUMULATED DEPLETION                        |  |             |                        |
| 12     | LAND (NET OF ANY AMORTIZATION)                    |  |             |                        |
| 13 A   |   |  |             |                        |
| 13 B   | LESS ACCUMULATED AMORTIZATION                     |  |             |                        |
| 14     | OTHER ASSETS                                      | 155,699  |             | 155,699                |
|        |   | 12,841,651   |             | <del></del>            |
| 15     | TOTAL ASSETS                                      | 12,841,651   | -3,138,457  | 9,703,194              |
| LIABI  | LITIES AND SHAREHOLDERS' EQUITY                   |  |             |                        |
| 16     | ACCOUNTS PAYABLE                                  | 3,370,232  | -1          | 3,370,231              |
| 17     | MORTGAGES, NOTES, AND BONDS                       |  |             |                        |
|        | PAYABLE IN LESS THAN 1 YEAR                       |  |             |                        |
| 18     | OTHER CURRENT LIABILITIES                         | 6,340,572  | -881,745    | 5,458,827              |
| 19     | LOANS FROM SHAREHOLDERS                           |  |             |                        |
| 20     | MORTGAGES, NOTES, AND BONDS                       |  |             |                        |
|        | PAYABLE IN 1 YEAR OR MORE                         | 8,487,170  |             | 8,487,170              |
| 21     | OTHER LIABILITIES                                 |  |             |                        |
| 22 A   | CAPITAL STOCK - PREFERRED                         |  |             |                        |
| 22 B   | CAPITAL STOCK - COMMON                            | 3,350,501  | -501        | 3,350,000              |
| 23     | ADDITIONAL PAID-IN CAPITAL                        | 23,692,904   | -23,343,204 | 349,700                |
| 24     | RETAINED EARNINGS - APPROPRIATED                  |  | •           |                        |
| 25     | RETAINED EARNINGS - UNAPPROPRIATED                | -31,699,728  | 21,086,994  | -10,612,734            |
| 26     | ADJUSTMENTS TO SHAREHOLDERS' EQUITY               |  |             |                        |
| 27     | LESS COST OF TREASURY STOCK                       | 700,000  |             | 700,000                |
| 28     | TOTAL LIABILITIES AND                             |  | -           |                        |
|        | SHAREHOLDERS' EQUITY                              | 12,841,651   | -3,138,457  | 9,703,194              |
|        |   | A STATE OF THE PARTY OF THE PAR | -           |                        |

13-3855623

FYE: 12/31/2004

## CONSOLIDATED REPORT 1120 SCHEDULE L END OF TAX YEAR

|       |  | PARENT CLIENT<br>ENERGY MERCHANT<br>CORP | SUBSIDIARY CLIENT<br>POWERINE OIL<br>COMPANY | SUBSIDIARY CLIENT<br>ANGLO PETROLEUM<br>CORPORATION | SUBSIDIARY CLIENT<br>CORPORATE<br>DEVELOPMENT INC | SUBSIDIARY CLIENT<br>ENERGY MERCHANT<br>HOLDING INC |
|-------|--|--|--|---|---|---|
|       |  | 13-3855823                               | 95-4564080                                   | 95-4059009  | 13-3817433  | 13-4104912  |
| LSSET | s                                      |  |  |   |   |   |
| 1     | CASH                                   | 240,207                                  |  |   |   |   |
| 2 A   | TRADE NOTES AND ACCOUNTS RECEIVABLE    |  |  |   |   | •   |
| 2 B   | LESS ALLOWANCE FOR BAD DEBTS           |  |  |   |   |   |
| 3     | INVENTORIES                            |  |  |   |   |   |
| 4     | U.S. GOVERNMENT OBLIGATIONS            |  |  |   |   |   |
| 5     | TAX-EXEMPT SECURITIES                  |  |  |   |   |   |
| б     | OTHER CURRENT ASSETS                   | 7,849,530                                |  |   |   |   |
| 7     | LOANS TO SHAREHOLDERS                  |  | 881,745                                      |   |   |   |
| 8     | MORTGAGE AND REAL ESTATE LOANS         |  |  |   |   |   |
| 9     | OTHER INVESTMENTS                      | 2,256,715                                |  |   |   | 1,256,713   |
| 0 A   | BUILDINGS AND OTHER DEPRECIABLE ASSETS | 590,258                                  |  |   |   |   |
| 0 B   | LESS ACCUMULATED DEPRECIATION          | 389,216                                  |  |   |   |   |
| 1 A   | DEPLETABLE ASSETS                      |  |  |   |   |   |
| 1 B   | LESS ACCUMULATED DEPLETION             |  |  |   |   |   |
| 2     | LAND (NET OF ANY AMORTIZATION)         |  |  |   |   |   |
| 3 A   | INTANGIBLE ASSETS (AMORTIZABLE ONLY)   |  |  |   |   |   |
| В     | LESS ACCUMULATED AMORTIZATION          |  |  |   |   |   |
| l.    | OTHER ASSETS                           | 155,699                                  |  |   |   |   |
|       | TOTAL ASSETS                           | 10,703,193                               | 881,745                                      | 0   | 0   | 1,256,713   |
| ABI   | LITIES AND SHAREHOLDERS' EQUITY        |  |  |   |   |   |
|       | ACCOUNTS PAYABLE                       | 30,209                                   | 3,340,023                                    |   |   |   |
|       | MORTGAGES, NOTES, AND BONDS            |  |  |   |   |   |
|       | PAYABLE IN LESS THAN 1 YEAR            |  |  |   |   |   |
| В     | OTHER CURRENT LIABILITIES              | 6,340,572                                |  |   |   |   |
| 9     | LOANS FROM SHAREHOLDERS                |  |  |   |   |   |
| )     | MORTGAGES, NOTES, AND BONDS            |  |  |   |   |   |
|       | PAYABLE IN 1 YEAR OR MORE              |  | 8,487,170                                    |   |   |   |
| l     | OTHER LIABILITIES                      |  |  |   |   |   |
| 2 A   | CAPITAL STOCK - PREFERRED              |  |  |   |   |   |
| 2 B   | CAPITAL STOCK - COMMON                 | 3,350,000                                | . 1  |   |   | 500   |
| 3     | ADDITIONAL PAID-IN CAPITAL             | 349,700                                  | 999,999                                      |   |   | 22,343,205  |
| 4     | RETAINED EARNINGS - APPROPRIATED       |  |  |   |   |   |
| 5     | RETAINED EARNINGS - UNAPPROPRIATED     | 1,332,712                                | -11,945,448                                  |   |   | -21,086,992   |
| 5     | ADJUSTMENTS TO SHAREHOLDERS' EQUITY    |  |  |   |   |   |
| 7     | LESS COST OF TREASURY STOCK            | 700,000                                  |  |   |   |   |
| 3     | TOTAL LIABILITIES AND                  |  |  |   |   |   |
|       | SHAREHOLDERS' EQUITY                   | 10,703,193                               | 881,745                                      | 0   | D   | 1,256,713   |

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## CONSOLIDATED REPORT 1120 SCHEDULE M-2

|       |                              | COMBINED TOTALS | ADJUSTMENTS | CONSOLIDATED CLIENT<br>ENERGY MERCHANT<br>CORP |
|-------|------------------------------|-----------------|-------------|--|
|       |                              |                 |             | 13-3855623                                     |
| SCHED | ULE M-2                      |                 |             |  |
| 1     | BALANCE AT BEGINNING OF YEAR | -36,304,172     | 23,629,281  | -12,674,891                                    |
| 2     | NET INCOME (LOSS) PER BOOKS  | 5,604,444       | -3,542,287  | 2,062,157                                      |
| 3     | OTHER INCREASES              |                 |             |  |
| 4     | TOTAL LINES 1 THROUGH 3      | -30,699,728     | 20,086,994  | -10,612,734                                    |
| 5     | DISTRIBUTIONS:               |                 |             |  |
| 5 A   | CASH                         | 1,000,000       | -1,000,000  |  |
| 5 B   | STOCK                        |                 | •           |  |
| 5 C   | PROPERTY                     |                 |             |  |
| 6     | OTHER DECREASES              | ·               |             |  |
| 7     | TOTAL LINES 5 AND 6          | 1,000,000       | -1,000,000  |  |
| 8     | BALANCE AT END OF YEAR       | -31,699,728     | 21,086,994  | -10,612,734                                    |

FYE: 12/31/2004

## CONSOLIDATED REPORT 1120 SCHEDULE M-2

|       |                              | PARENT CLIENT<br>ENERGY MERCHANT<br>CORP | SUBSIDIARY CLIENT<br>POWERINE OIL<br>COMPANY | SUBSIDIARY CLIENT<br>ANGLO PETROLEUM<br>CORPORATION | SUBSIDIARY CLIENT<br>CORPORATE<br>DEVELOPMENT INC | SUBSIDIARY CLIENT<br>ENERGY MERCHANT<br>HOLDING INC |
|-------|------------------------------|--|--|---|---|---|
|       |                              | 13-3855623                               | 95-4564080                                   | 95-4059009  | 13-3817433  | 13-4104912  |
| SCHED | ULE M-2                      |  |  |   |   |   |
| 1     | BALANCE AT BEGINNING OF YEAR | -380,208                                 | -12,294,685                                  | 0   | 0   | -23,629,279   |
| 2     | NET INCOME (LOSS) PER BOOKS  | 1,712,920                                | 349,237                                      |   |   | 3,542,287   |
| 3     | OTHER INCREASES              |  |  |   |   |   |
| 4     | TOTAL LINES 1 THROUGH 3      | 1,332,712                                | -11,945,448                                  |   |   | -20,086,992   |
| 5     | DISTRIBUTIONS:               |  |  |   |   |   |
| 5 A   | CASH                         |  |  |   |   | 1,000,000   |
| 5 B   | STOCK                        |  |  |   |   |   |
| 5 C   | PROPERTY                     |  |  |   |   |   |
| 6     | OTHER DECREASES              |  |  |   |   |   |
| 7     | TOTAL LINES 5 AND 6          |  |  |   |   | 1,000,000   |
| 8     | BALANCE AT END OF YEAR       | 1,332,712                                | -11,945,448                                  | 0   | 0   | -21,086,992   |
|       |                              |  |  | شنائله بسيبي بيديد واستند                           |   |   |

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# CONSOLIDATED REPORT SCHEDULE D

|      |                                       | COMBINED TOTALS | ADJUSTMENTS CONSOLIDATED CLIENT<br>ENERGY MERCHANT<br>CORP |
|------|---------------------------------------|-----------------|--|
|      |                                       |                 | 13-3655623   |
| SHOR | T-TERM CAPITAL GAINS AND LOSSES       |                 |  |
| 1    | SHORT-TERM CAPITAL GAIN OR (LOSS)     |                 |  |
| 2    | GAIN FROM INSTALLMENT SALES           |                 |  |
| 3    | GAIN OR (LOSS) FROM FORM 8824         |                 |  |
| 4    | UNUSED CAPITAL LOSS CARRYOVER         |                 | ·  |
| 5    | NET SHORT-TERM CAPITAL GAIN OR (LOSS) |                 | •.   |
| LONG | -TERM CAPITAL GAINS AND LOSSES        |                 |  |
| 6    | LONG-TERM CAPITAL GAIN OR (LOSS)      | 5,918,000       | 5,918,000  |
| 7    | GAIN FROM FORM 4797, PART I           |                 | •  |
| 8    | GAIN FROM INSTALLMENT SALES           |                 |  |
| 9    | GAIN OR (LOSS) FROM FORM 8824         |                 | •  |
| 10   | CAPITAL GAIN DISTRIBUTIONS            |                 |  |
| 11   | NET LONG-TERM CAPITAL GAIN OR (LOSS)  | 5,918,000       | 5,918,000  |
| PART | III - SUMMARY                         |                 |  |
| 12   | SHORT-TERM GAIN OVER LONG-TERM LOSS   |                 |  |
| 13   | LONG-TERM GAIN OVER SHORT-TERM LOSS   | 5,918,000       | 5,918,000  |
| 14   | NET CAPITAL GAINS                     | 5,918,000       | 5, <del>910</del> , <del>00</del> 0                        |

FYE: 12/31/2004

# CONSOLIDATED REPORT SCHEDULE D

|       |                                       | PARENT CLIENT<br>ENERGY MERCHANT<br>CORP | SUBSIDIARY CLIENT<br>POWERINE OIL<br>COMPANY | SUBSIDIARY CLIENT<br>ANGLO PETROLEUM<br>CORPORATION | SUBSIDIARY CLIENT<br>CORPORATE<br>DEVELOPMENT INC | SUBSIDIARY CLIENT<br>ENERGY MERCHANT<br>HOLDING INC |   |
|-------|---------------------------------------|--|--|---|---|---|---|
|       |                                       | 13-3855623                               | 95-4564080                                   | 95-4059009  | 13-3817433  | 13-4104912  |   |
| SHORT | -TERM CAPITAL GAINS AND LOSSES        |  |  |   |   |   |   |
| 1     | SHORT-TERM CAPITAL GAIN OR (LOSS)     |  |  |   |   |   |   |
| 2     | GAIN FROM INSTALLMENT SALES           |  |  |   |   |   |   |
| 3     | GAIN OR (LOSS) FROM FORM 8824         |  |  |   |   |   |   |
| 4     | UNUSED CAPITAL LOSS CARRYOVER         |  |  |   |   |   |   |
| 5     | NET SHORT-TERM CAPITAL GAIN OR (LOSS) |  |  |   |   |   |   |
| LONG- | TERM CAPITAL GAINS AND LOSSES         | 3.                                       |  |   |   |   | _ |
| 6     | LONG-TERM CAPITAL GAIN OR (LOSS)      |  |  |   |   | 5,918,000   |   |
| 7     | GAIN FROM FORM 4797, PART I           |  |  |   |   |   |   |
| 8     | GAIN FROM INSTALLMENT SALES           |  |  |   |   |   |   |
| 9     | GAIN OR (LOSS) FROM FORM 8824         |  |  |   |   |   |   |
| 10    | CAPITAL GAIN DISTRIBUTIONS            |  |  |   |   |   |   |
| 11    | NET LONG-TERM CAPITAL GAIN OR (LOSS)  |  |  |   |   | 5,918,000   |   |
| PART  | III - SUMMARY                         |  |  |   |   |   |   |
| 12    | SHORT-TERM GAIN OVER LONG-TERM LOSS   |  |  |   |   |   |   |
| 13    | LONG-TERM GAIN OVER SHORT-TERM LOSS   |  |  |   |   | 5,918,000   |   |
| 14    | NET CAPITAL GAINS                     |  |  |   |   | 5,918,000   |   |

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## CONSOLIDATED REPORT FORM 4562

|        |  | COMBINED TOTALS | ADJUSTMENTS | CONSOLIDATED CLIENT<br>ENERGY MERCHANT |   |   |
|--------|--|-----------------|-------------|--|---|---|
|        |  |                 |             | CORP                                   |   |   |
| PART   | I - SECTION 179                              |                 |             | 13-3855623                             |   |   |
| 2      | TOTAL COST OF SECTION 179                    |                 |             |  |   |   |
| -      | PROPERTY PLACED IN SERVICE                   |                 | ,           |  |   |   |
| 6      | NONLISTED PROPERTY                           |                 |             | 0                                      | • |   |
| 7      | LISTED PROPERTY                              |                 |             |  |   |   |
| 8      | TOTAL ELECTED COST                           |                 |             |  |   |   |
| 9      | TENTATIVE DEDUCTION                          |                 |             |  |   |   |
| 10     | CARRYOVER OF DISALLOWED                      |                 |             |  |   |   |
|        | DEDUCTION FROM PRIOR YEAR                    |                 |             |  |   |   |
| 12     | SECTION 179 EXPENSE DEDUCTION                |                 |             |  |   |   |
| 13     | CARRYOVER OF DISALLOWED                      |                 |             |  |   |   |
|        | DEDUCTION TO NEXT YEAR                       |                 |             |  |   |   |
| PART   | II - SPECIAL DEPRECIATION ALLOWANCE          |                 |             |  |   |   |
| O CINA | THER DEPRECIATION                            |                 | •           |  |   |   |
| 14     | SPECIAL DEPRECIATION ALLOWANCE               |                 |             |  |   |   |
| 15     | PROPERTY SUBJECT TO 168 (F) (1)              |                 |             |  |   |   |
| 16     | OTHER DEPRECIATION (INCLUDING ACRS)          |                 |             |  |   |   |
| PART   | III - MACRE DEPRECIATION                     |                 |             |  |   |   |
| 17     | MACRS DEDUCTIONS FOR ASSETS PLACED           |                 |             |  |   |   |
|        | IN SERVICE BEFORE CURRENT YEAR               | 41,618          |             | 41,618                                 |   |   |
| GENER  | AL DEPRECIATION SYSTEM (GDS)                 |                 |             |  |   |   |
| 19 A   | 3-YEAR PROPERTY                              |                 |             |  |   |   |
| 19 B   | 5-YEAR PROPERTY                              |                 |             |  |   |   |
| 19 C   | 7-YEAR PROPERTY                              |                 |             |  |   |   |
|        | 10-YEAR PROPERTY                             |                 |             |  |   |   |
|        | 15-YEAR PROPERTY                             |                 |             |  |   |   |
|        | 20-YEAR PROPERTY                             |                 |             | •                                      |   |   |
|        | 25-YEAR PROPERTY                             |                 |             | •                                      |   |   |
|        | 27.5-YEAR RESIDENTIAL RENTAL PROPERTY        |                 |             |  |   |   |
|        | NONRESIDENTIAL REAL PROPERTY                 |                 |             |  |   |   |
|        | NATIVE DEPRECIATION SYSTEM (ADS)  CLASS LIFE |                 |             |  |   |   |
|        | 12-YEAR                                      |                 |             |  |   |   |
|        | 40-YEAR                                      |                 |             |  |   |   |
|        | IV - SUNGARY                                 |                 |             |  |   |   |
| 21     | LISTED PROPERTY                              |                 |             |  |   |   |
| 22     | TOTAL DEPRECIATION                           | 41,618          |             | 41.618                                 |   | , |
| 23     | PORTION OF BASIS ATTRIBUTABLE                | 12,020          |             | 42,020                                 |   |   |
| دع     | TO 263A COSTS                                |                 |             |  |   |   |
| 42     | AMORTIZATION - CURRENT YEAR                  |                 |             |  |   |   |
| 43     | AMORTIZATION - PRIOR YEARS                   |                 |             |  |   |   |
| 44     | TOTAL AMORTIZATION                           |                 |             |  |   |   |
| -      |  |                 |             |  |   |   |

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## CONSOLIDATED REPORT FORM 4562

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| ENERGY MERCHANT | POWERINE OIL | ANGLO PETROLEUM | CORPORATE DEVELOPMENT INC | ENERGY MERCHANT |
|-----------------|--------------|-----------------|---------------------------|-----------------|
| CORP            | COMPANY      | CORPORATION     |                           | HOLDING INC     |
| 13-3855823      | 95-4564080   | 95_4059009      | 13-3817433                | 13-4104912      |

#### PART I - SECTION 179

- 2 TOTAL COST OF SECTION 179
  PROPERTY PLACED IN SERVICE
- 6 NONLISTED PROPERTY
- 7 LISTED PROPERTY
- 8 TOTAL ELECTED COST
- 9 TENTATIVE DEDUCTION
- 10 CARRYOVER OF DISALLOWED DEDUCTION FROM PRIOR YEAR
- 12 SECTION 179 EXPENSE DEDUCTION
- CARRYOVER OF DISALLOWED DEDUCTION TO NEXT YEAR

#### PART II - SPECIAL DEPRECIATION ALLOWANCE

### AND OTHER DEPRECIATION

- 14 SPECIAL DEPRECIATION ALLOWANCE
- 15 PROPERTY SUBJECT TO 168(F)(1)
- 16 OTHER DEPRECIATION (INCLUDING ACRS)

### PART III - MACRS DEPRECIATION

17 MACRS DEDUCTIONS FOR ASSETS PLACED IN SERVICE BEFORE CURRENT YEAR

### GENERAL DEPRECIATION SYSTEM (GDS)

- 19 A 3-YEAR PROPERTY
- 19 B 5-YEAR PROPERTY
- 19 C 7-YEAR PROPERTY
- 19 D 10-YEAR PROPERTY
- 19 E 15-YEAR PROPERTY
- 19 F 20-YEAR PROPERTY
- 19 G 25-YEAR PROPERTY
- 19 H 27.5-YEAR RESIDENTIAL RENTAL PROPERTY
- 19 I NONRESIDENTIAL REAL PROPERTY

### ALTERNATIVE DEPRECIATION SYSTEM (ADS)

- 20 A CLASS LIFE
- 20 B 12-YEAR
- 20 C 40-YEAR

### PART IV - SUMMARY

- 21 LISTED PROPERTY
- 22 TOTAL DEPRECIATION
- 23 PORTION OF BASIS ATTRIBUTABLE
- TO 263A COSTS
  42 AMORTIZATION CURRENT YEAR
- 43 AMORTIZATION PRIOR YEARS
- 44 TOTAL AMORTIZATION

41,618

41,618

13-3855623

FYE: 12/31/2004

## **CONSOLIDATED REPORT**

4626 - AMT

|       |  | COMBINED TOTALS | ADJUSTMENTS | CONSOLIDATED CLIENT<br>ENERGY MERCHANT<br>CORP |  |
|-------|--|-----------------|-------------|--|--|
|       |  |                 |             | 13-3855823                                     |  |
| 1     | TAXABLE INCOME/(LOSS) BEFORE NOL DEDUCTION | 2,188,437       |             | 2,188,437                                      |  |
| MUCK  | STMENTS AND PREFERENCES                    |                 |             |  |  |
| 2 A   | DEPRECIATION OF POST-1986 PROPERTY         | -15,205         |             | -15,205  |  |
| 2 B   | AMORTIZATION OF CERTIFIED POLLUTION        |                 |             |  |  |
|       | CONTROL FACILITIES                         |                 |             |  |  |
| 2 C   | AMORTIZATION OF MINING EXPLORATION         |                 |             |  |  |
|       | AND DEVELOPMENT COSTS                      |                 |             |  |  |
| 2 D   | AMORTIZATION OF CIRCULATION EXPENDITURES   |                 |             |  |  |
| 2 E   | ADJUSTED GAIN OR LOSS                      |                 |             |  |  |
| 2 F   | LONG-TERM CONTRACTS                        |                 |             |  |  |
| 2 G   | MERCHANT MARINE CAPITAL CONSTRUCTION FUNDS |                 |             |  |  |
| 2 H   | SEC 833(B) DEDUCTION                       |                 |             |  |  |
| 2 1   | TAX SHELTER FARM ACTIVITIES                |                 |             |  |  |
| 2 J   | PASSIVE ACTIVITIES                         |                 |             | •  |  |
| 2 K   | LOSS LIMITATIONS                           |                 |             | •.   |  |
| 2 L   | DEPLETION                                  |                 |             |  |  |
| 2 M   | TAX-EXEMPT INTEREST FROM                   |                 |             |  |  |
| 2 11  | PRIVATE ACTIVITY BONDS                     |                 |             |  |  |
| 2 1/3 | INTANGIBLE DRILLING COSTS                  |                 | ·.          |  |  |
| 2 0   | OTHER ADJUSTMENTS                          |                 |             |  |  |
| 3     | PREADJUSTMENT AMTI                         | 2,173,232       |             | 2,173,232                                      |  |
| ADJT  | STED CURRENT EARNINGS (ACE) ADJUSTMENT     |                 |             | · <del></del>                                  |  |
| 4 A   | ACE FROM LINE 10 OF WORKSHEET              | 2,173,232       |             | 2,173,232                                      |  |
| 4 B   | LINE 4A LESS LINE 3                        | • - •           |             | ,  |  |
| 4 C   | LINE 4B MULTIPLIED BY 75*                  |                 |             |  |  |
| 4 D   | INCREASE IN AMTI FROM PRIOR                |                 |             |  |  |
|       | YEARS' ACE ADJUSTMENTS                     |                 |             |  |  |
| 4 E   | ACE ADJUSTMENT                             |                 |             |  |  |
| 5     | TOTAL LINES 3 AND 4E                       | 2,173,232       | <del></del> | 2,173,232                                      |  |
| 6     | AMT NOL DEDUCTION                          | 3,191,499       | -1,235,590  | •  |  |
| 7     | ALTERNATIVE MINIMUM TAXABLE INCOME         | -1,018,267      | 1,235,590   | 217,323  |  |

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## CONSOLIDATED REPORT

4626 - AMT

|  |  | PARENT CLIENT<br>ENERGY MERCHANT<br>CORP | SUBSIDIARY CLIENT<br>POWERINE OIL<br>COMPANY | SUBSIDIARY CLIENT<br>ANGLO PETROLEUM<br>CORPORATION | SUBSIDIARY CLIENT<br>CORPORATE<br>DEVELOPMENT INC | SUBSIDIARY CLIENT<br>ENERGY MERCHANT<br>HOLDING INC |
|--|--|--|--|---|---|---|
|  |  | 13-3655623                               | 95-4564080                                   | 95-4059009  | 13-3817433  | 13-4104912  |
| 1 TAXABLE                              | : INCOME/(LOSS) BEFORE NOL DEDUCTION     | -1,706,910                               | 349,237                                      | 0   | 0   | 3,546,110   |
| etn <b>en</b> teulda                   | AND PREFERENCES                          |  |  |   |   |   |
| 2 A DEPRECI                            | ATION OF POST-1986 PROPERTY              | -15,205                                  |  |   |   |   |
| 2 B AMORTI2                            | ATION OF CERTIFIED POLLUTION             |  |  |   |   |   |
| CONTROL                                | FACILITIES                               |  |  |   |   |   |
| 2 C AMORTIZ                            | ATION OF MINING EXPLORATION              |  |  |   |   |   |
| AND DEV                                | ELOPMENT COSTS                           |  |  |   |   |   |
| 2 D AMORTIZ                            | ATION OF CIRCULATION EXPENDITURES        |  |  |   |   | •   |
| 2 E ADJUSTE                            | D GAIN OR LOSS                           |  |  |   |   |   |
| 2 F LONG-TE                            | erm contracts                            |  |  |   |   |   |
| 2 G MERCHAN                            | IT MARINE CAPITAL CONSTRUCTION FUNDS     |  |  |   |   |   |
| 2 H SEC 833                            | B(B) DEDUCTION                           |  |  |   |   |   |
| 2 I TAX SH                             | ELTER FARM ACTIVITIES                    |  |  |   |   |   |
| 2 J PASSIVE                            | E ACTIVITIES                             |  |  |   |   |   |
| 2 K LOSS L                             | MITATIONS                                | <b>a</b> .                               |  |   |   |   |
| 2 L DEPLET                             | ion                                      |  |  |   |   |   |
| 2 M TAX-EXI                            | empt interest from                       |  |  |   |   |   |
| PRIVATI                                | E ACTIVITY BONDS                         |  |  |   |   |   |
| 2 N INTANG                             | IBLE DRILLING COSTS                      |  |  |   |   |   |
| 2 O OTHER I                            | ADJUSTMENTS                              |  |  |   |   |   |
| 3 PREADJT                              | JSTMENT AMTI                             | -1,722,115                               | 349,237                                      |   |   | 3,546,110   |
| ************************************** | RRENT BARNINGS (ACE) ADJUSTMENT          |  |  |   |   |   |
|  | · · · · · · · · · · · · · · · · · · ·    | -1,722,115                               | 349,237                                      |   |   | 3,546,110   |
|  | OM LINE 10 OF WORKSHEET<br>A LESS LINE 3 | -1, /22,113                              | 349,237                                      |   |   | 3,340,110   |
|  | MULTIPLIED BY 75%                        |  |  |   |   | •   |
|  | SE IN AMTI FROM PRIOR                    |  |  |   |   |   |
|  | ACE ADJUSTMENTS                          |  |  |   |   |   |
|  | JUSTMENT                                 |  |  |   |   |   |
|  |  |  |  |   |   |   |
|  | JINES 3 AND 4E                           | -1,722,115                               | 349,237                                      |   |   | 3,546,110   |
| 6 AMT NO                               | DEDUCTION                                |  |  |   | · · · · · · · · · · · · · · · · · · ·             | 3,191,499   |
| 7 ALTERNA                              | ATIVE MINIMUM TAXABLE INCOME             | -1,722,115                               | 349,237                                      | 0   | 0   | 354,611   |

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FYE: 12/31/2004

# CONSOLIDATED REPORT 4626,ACE WORKSHEET

|   |   | COMBINED TOTALS | ADJUSTMENTS | CONSOLIDATED CLIENT<br>ENERGY MERCHANT |    |
|---|---|-----------------|-------------|--|----|
|   |   |                 |             | . CORP                                 |    |
| , ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | AT THOMAS TO A SAME   | 2 122 526       |             | 13-3855823                             |    |
|   | ADJUSTMENT AMTI<br>CIATION ADJUSTMENT                               | 2,173,232       |             | 2,173,232                              |    |
|   | DEPRECIATION  | 56,823          |             | 56,823                                 |    |
|   | DEPRECIATION:   | · • · · -       |             |  |    |
| 2 B (1)                                 | POST-1993 PROPERTY  | 56,823          |             | 56,823                                 |    |
| 2 B (2)                                 | POST-1989, PRE-1994 PROPERTY  |                 |             |  |    |
| 2 B (3)                                 | PRE-1990 MACRS PROPERTY   |                 |             |  |    |
| 2 B (4)                                 | PRE-1990 ORIGINAL ACRS PROPERTY                                     |                 |             |  | ر. |
| 2 B (5)                                 | SECTION 168(F)(1) THROUGH (4)                                       |                 |             |  |    |
| 2 B (6)                                 | OTHER PROPERTY  |                 |             |  |    |
| 2 B (7)                                 |   | 56,823          |             | 56,823                                 | 1  |
| <del>-</del>                            | DEPRECIATION ADJUSTMENT   |                 |             |  |    |
|   | LUDED IN EARNINGS AND PROFITS (EAP)                                 |                 |             |  |    |
|   | -EXEMPT INTEREST INCOME<br>E INSURANCE DEATH BENEFITS               |                 |             |  |    |
|   | ER LIFE INSURANCE DISTRIBUTIONS                                     |                 | •           |  |    |
|   | IDE BUILDUP OF UNDISTRIBUTED INCOME                                 |                 |             |  |    |
|   | ER ITEMS  |                 |             |  |    |
| 3 F TOT                                 | AL INCREASE DUE TO BEP ITEMS  | _ <del></del>   |             |  |    |
|   | NCE OF ITEMS NOT DEDUCTIBLE FROM MAP                                |                 |             |  |    |
| 4 A CERS                                | TAIN DIVIDENDS RECEIVED   |                 |             |  |    |
| 4 B PUB                                 | LIC UTILITY DIVIDENDS   | •               |             |  |    |
|   | IDENDS PAID TO AN ESOP  |                 |             |  |    |
|   | PATRONAGE DIVIDENDS   |                 |             |  |    |
| 4 E OTHI                                | er items  |                 |             |  |    |
|   | DUE TO DISALLOW OF NONDEDUCT EEP ITEMS                              |                 |             |  |    |
|   | ADJUSTMENTS BASED ON REF RULES                                      |                 |             |  | ·  |
|   | ANGIBLE DRILLING COSTS  |                 |             |  |    |
|   | CULATION EXPENDITURES ANIZATIONAL EXPENDITURES                      |                 |             |  |    |
|   | O INVENTORY ADJUSTMENTS   |                 |             |  |    |
|   | TALLMENT SALES  |                 |             |  |    |
|   | AL OTHER EEP ADJUSTMENTS  | <del></del>     | <del></del> |  |    |
|   | AL OTHER BEP ADJUSTMENTS<br>S DISALLOWANCE ON EXHANGE OF DEET POOLS |                 |             |  |    |
|   | UISITION EXPENSES-LIPE INSURANCE CO                                 |                 |             |  |    |
| -                                       | LETION  |                 |             |  |    |
|   | IS ADJUSTMENT FROM SALE OF PROPERTY                                 |                 |             |  |    |
| 10 ADJ                                  | USTED CURRENT EARNINGS  | 2,173,232       |             | 2,173,232                              |    |
|   |   |                 |             |  |    |
|   |   |                 |             |  |    |

13-3855623

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## CONSOLIDATED REPORT 4626 ACE WORKSHEET

|   | PARENT CLIENT<br>ENERGY MERCHANT<br>CORP | SUBSIDIARY CLIENT<br>POWERINE OIL<br>COMPANY | SUBSIDIARY CLIENT<br>ANGLO PETROLEUM<br>CORPORATION | SUBSIDIARY CLIENT<br>CORPORATE<br>DEVELOPMENT INC | SUBSIDIARY CLIENT<br>ENERGY MERCHANT<br>HOLDING INC |
|---|--|--|---|---|---|
|   | 13-3855623                               | 95-4564080                                   | 95-4059009  | 13-3817433  | 13-4104912  |
| 1 PREADJUSTMENT AMTI  | -1,722,115                               | 349,237                                      |   |   | 3,546,110   |
| ACE DEPRECIATION ADJUSTMENT   |  |  |   |   |   |
| 2 A AMT DEPRECIATION  | 56,823                                   |  | •   | •   |   |
| 2 B ACE DEPRECIATION:   |  |  |   |   |   |
| 2 B (1) POST-1993 PROPERTY  | 56,823                                   |  |   |   |   |
| 2 B (2) POST-1989, PRE-1994 PROPERTY                                    |  |  |   |   |   |
| 2 B (3) PRE-1990 MACRS PROPERTY 2 B (4) PRE-1990 ORIGINAL ACRS PROPERTY |  |  | •*  |   |   |
| 2 B (5) SECTION 168(F)(1) THROUGH (4)                                   |  |  |   |   |   |
| 2 B (6) OTHER PROPERTY  |  |  |   |   |   |
|   | FC 003                                   |  |   |   | <del></del>   |
| 2 B (7) TOTAL ACE DEPRECIATION 2 C ACE DEPRECIATION ADJUSTMENT          | 56,823                                   |  | •   |   |   |
| ITEMS INCLUDED IN EARNINGS AND PROFITS (ESP)                            |  |  |   |   |   |
| 3 A TAX-EXEMPT INTEREST INCOME  |  |  |   |   |   |
| 3 B LIFE INSURANCE DEATH BENEFITS                                       |  |  |   |   |   |
| 3 C OTHER LIFE INSURANCE DISTRIBUTIONS                                  |  |  |   |   |   |
| 3 D INSIDE BUILDUP OF UNDISTRIBUTED INCOME                              |  |  |   |   |   |
| 3 E OTHER ITEMS   |  |  |   |   |   |
| 3 F TOTAL INCREASE DUE TO EAP ITEMS                                     |  |  | <del></del>   |   |   |
| DISALLOWANCE OF ITEMS NOT DEDUCTIBLE FROM REP                           |  |  |   |   | •   |
| 4 A CERTAIN DIVIDENDS RECEIVED  |  |  | •   |   |   |
| 4 B PUBLIC UTILITY DIVIDENDS  |  |  |   |   |   |
| 4 C DIVIDENDS PAID TO AN ESOP   |  |  |   |   |   |
| 4 D NONPATRONAGE DIVIDENDS  |  |  |   |   |   |
| 4 E OTHER ITEMS   |  |  |   |   |   |
| 4 F TOT DUE TO DISALLOW OF NONDEDUCT EAP ITEMS                          |  |  |   |   |   |
| OTHER EEP ADJUSTMENTS BASED ON EEP RULES                                |  |  |   |   |   |
| 5 A INTANGIBLE DRILLING COSTS   |  |  |   |   |   |
| 5 B CIRCULATION EXPENDITURES  |  |  |   |   |   |
| 5 C ORGANIZATIONAL EXPENDITURES   |  |  |   |   |   |
| 5 D LIFO INVENTORY ADJUSTMENTS  |  |  |   |   |   |
| 5 E INSTALLMENT SALES   |  |  | <del></del>   |   |   |
| 5 F TOTAL OTHER BEP ADJUSTMENTS   |  |  |   |   |   |
| 6 LOSS DISALLOWANCE ON EXHANGE OF DEBT POOLS                            |  |  |   |   |   |
| 7 ACQUISITION EXPENSES-LIFE INSURANCE CO                                |  |  |   |   |   |
| 8 DEPLETION 9 BASIS ADJUSTMENT FROM SALE OF PROPERTY                    |  |  |   |   | ·   |
|   | . 500                                    | 2.0.00                                       |   |   | 2.546.230   |
| 10 ADJUSTED CURRENT EARNINGS  | -1,722,115                               | 349,237                                      | الروبا المائية ومستويد ووجوا المائية                |   | 3,546,110   |
|   |  | _  |   | •   | •   |
|   |  |  |   |   |   |

Consolidated NOL Carryover Worksheet - Regular Tax

Form 1120

For calendar year 2004 or tax year beginning ending

Name

ENERGY MERCHANT CORP

Consolidated NOL Carryover Worksheet - Regular Tax

2004

Employer identification Number

13-3855623

| Preceding        | NOL Before SRLY Limit/   | Consolidated                          | Consolidated  | NOL Carryover | Carryover    |
|------------------|--------------------------|---------------------------------------|---------------|---------------|--------------|
| Taxable Year     | NOL After SRLY Limit     | Adjustments                           | NOL Available | Utilized      | to Next Year |
| 15th             |                          |                                       |               |               |              |
| 12/31/89         |                          |                                       | 1             | 1             |              |
| 14th             |                          |                                       |               |               |              |
| 12/31/90         |                          |                                       | 1             | į             |              |
| 13th             |                          |                                       |               |               |              |
| 12/31/91         |                          |                                       |               |               |              |
| 12th             |                          |                                       |               |               | <del></del>  |
| 12/31/92         | }                        |                                       | ]             | į             |              |
| 11th             |                          |                                       |               |               |              |
| 12/31/93         |                          |                                       | 1             |               |              |
| 10th             |                          |                                       | ·             |               |              |
| 12/31/94         | {                        |                                       | 1             | 1             |              |
| 9th              |                          | · · · · · · · · · · · · · · · · · · · |               | <del></del>   | <del></del>  |
| 12/31/95         | 1                        |                                       | 1             | }             |              |
| Bth              |                          |                                       |               | <del></del> + |              |
| 12/31/96         | ļ                        |                                       | l l           |               |              |
|                  |                          | <del></del>                           |               |               | <del></del>  |
| 7th              |                          |                                       |               |               |              |
| 12/31/97         |                          |                                       | <b> </b>      |               |              |
| 6th              | }                        |                                       |               | 1             |              |
| 12/31/98         |                          |                                       |               |               |              |
| 5th              | }                        |                                       |               |               |              |
| 12/31/99         |                          |                                       |               |               |              |
| 4th              | 1                        |                                       |               |               |              |
| 12/31/00         |                          |                                       |               |               | <u>.</u>     |
| 3rd              | 1                        | i                                     |               | į             |              |
| 12/31/01         |                          |                                       |               |               | <del></del>  |
| 2nd              | 1                        |                                       |               | •             |              |
| 12/31/02         |                          |                                       |               |               |              |
| 1st              | 8,626,375                | '                                     |               | 1             |              |
| 12/31/03         | 8,626,375                |                                       | 8,626,375     | 2,188,437     | 6,437,938    |
|                  |                          |                                       |               |               | ,            |
| NOL Carryover Av | vallable To Current Year | 1                                     |               |               |              |
|                  |                          |                                       | 8,626,375     |               |              |
| Current Year     | 0                        |                                       |               |               |              |
| Income/(Loss)    | 2,188,437                | ·                                     |               | 2,188,437     | 0            |
|                  |                          |                                       |               |               |              |
| NOL Carryover A  | vallable To Next Year    |                                       |               | }             |              |
|                  | •                        |                                       |               | 1             | 6,437,938    |

| Form 1120  | Consolidated NOL Carryove                    | r Worksheet - AMT | 2004                         |
|------------|--|-------------------|------------------------------|
|            | For calendar year 2004 or tax year beginning | , ending          |                              |
| Name       |  | Emp               | oloyer Identification Number |
| ENERGY MER | CHANT CORP                                   | 13                | -3855623                     |

| Preceding        | NOL Before SRLY Limit     | Consolidated | Consolidated                          | NOL Carryover | Carryover    |
|------------------|---------------------------|--------------|---------------------------------------|---------------|--------------|
| Taxable Year     | NOL After SRLY Limit      | Adjustments  | NOi, Available                        | Utilized      | to Next Year |
| 15th             |                           |              |                                       |               |              |
| 12/31/89         | 1                         |              | 1                                     |               |              |
| 14th             |                           |              |                                       |               |              |
| 12/31/90         |                           |              |                                       |               |              |
| 13th             |                           |              |                                       |               |              |
| 12/31/91         |                           |              |                                       |               |              |
| 12th<br>12/31/92 |                           |              |                                       |               |              |
| 11th             |                           |              |                                       |               |              |
| 12/31/93         |                           |              |                                       |               |              |
| 10th             |                           |              |                                       |               |              |
| 12/31/94         |                           |              |                                       |               |              |
| 9th              | . '                       |              |                                       |               |              |
| 12/31/95         |                           |              |                                       |               |              |
| 3th              | }                         |              |                                       |               |              |
| 12/31/96         |                           |              | <u> </u>                              |               |              |
| 7th<br>12/31/97  |                           |              |                                       |               |              |
| 6th              |                           |              |                                       |               |              |
| 12/31/98         |                           | ····         |                                       |               |              |
| 5th              |                           |              |                                       |               |              |
| 12/31/99         |                           | <del></del>  | <del> </del>                          |               |              |
| 4th<br>12/31/00  |                           |              |                                       |               |              |
| 3rd              |                           |              | · · · · · · · · · · · · · · · · · · · |               |              |
| 12/31/01         |                           |              |                                       |               |              |
| 2nd              |                           |              |                                       |               |              |
| 12/31/02         |                           |              |                                       | }             |              |
| 1st              | 8,622,458                 | <del></del>  |                                       |               | <del> </del> |
| 12/31/03         |                           |              | 8,622,458                             | 1,955,909     | 6,666,549    |
| NO. O.           | with the Tay Original Van |              |                                       |               |              |
| NOL Carryover A  | vailable To Current Year  |              | 8,622,458                             |               |              |
|                  | 0                         |              |                                       | 1             |              |
| Current Year     | 1,955,909                 |              |                                       | 1,955,909     | 0            |
| NOL O            |                           |              |                                       | {             |              |
| NUL Carryover A  | vallable To Next Year     |              |                                       |               | 6,666,549    |
|                  |                           |              | ····                                  |               | 2,000,040    |

| Form 1120  | Consolidated Capital Loss Carryover          | and Carryback Worksheet | 2004                |
|------------|--|-------------------------|---------------------|
|            | For calendar year 2004 or tax year beginning | , ending                |                     |
| Name       |  | Employer Id             | entification Number |
| ENERGY MER | CHANT CORP                                   | 13-385                  | 5623                |

| Preceding Sefore                                 |        | Consolidated<br>Adjustments | Consolidated<br>Capital Loss<br>Carryover | Carryovers<br>Utilized | Next Year<br>Capital Loss<br>Carryover |
|--|--------|-----------------------------|---|------------------------|--|
| 5th 12/31/99                                     |        |                             |   |                        |  |
| eth 12/31/00                                     |        |                             |   |                        |  |
| 3rd 12/31/01                                     |        |                             |   |                        |  |
| 2nd 12/31/02                                     |        |                             |   |                        |  |
| 1st 12/31/03                                     |        |                             |   |                        |  |
| Capital Loss Carryover Available to Current Year |        | 0                           |   |                        |  |
| Current Year 3,1                                 | 88,437 |                             |   |                        |  |
| Capital Loss Carryover Available to Next Year    |        |                             |   |                        |  |

| Consolidated Capital Loss Carryback |  |                                    |  |                             |  |
|-------------------------------------|--|------------------------------------|--|-----------------------------|--|
| Preceding<br>Tax Year               | Gain Available<br>To Be Offset By<br>Carryback | Gain Available<br>After SRLY Limit | Consol Adjustments/<br>Consolidated Gain<br>Available To Be<br>Offset By C/B | Gain Offset<br>By Carryback | Next Year<br>Capital Loss<br>Carryover |
| 3rd 12/31/01                        | *  |                                    |  |                             |  |
| 2nd 12/31/02                        |  |                                    |  |                             |  |
| ıst 12/31/03                        | 1,770,733                                      | 1,770,733                          | 1,770,733  |                             |  |
| Current Year                        |  |                                    |  |                             |  |

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12088001 ENERGY MERCHAN CORP 13-3855623 Federal Statements

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### **General Footnote**

### Description

| SCHEDULE E | COMPENSATION OF C | OFFICERS: |        |              |
|------------|-------------------|-----------|--------|--------------|
| NAME       | ssn               | TIME      | COMMON | COMPENSATION |
| S K HODAPP | 106-52-9250       | 100.00    | 68.50  | 400,000      |
| V PAPA     | 070-38-3201       | 100.00    | 1.00   | 253,500      |
| R A WENOM  | 500-46-1850       | 100.00    | 0.00   | 264,688      |
|            |                   | •         |        |              |

918,188

**Federal Statements** 

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### Statement 1 - Form 1120, Page 1, Line 10 - Other Income

| Description                             | Amount                |
|---|-----------------------|
| ENERGY MERCHANT CORP                    |                       |
| CENCO LAWSUIT POC MANAGEMENT FEE        | 1,130,550<br>500,000  |
| SUBTOTAL                                | 1,630,550             |
| ENERGY MERCHANT HOLDING INC             |                       |
| EMC CAPITAL CORP<br>ENERGY MERCHANT LLC | -75,073<br>-2,303,069 |
| SUBTOTAL                                | -2,378,142            |
| POWERINE OIL COMPANY                    |                       |
| COD - CA EXCISE TAX ABATEMENT           | 349,237               |
| SUBTOTAL                                | 349,237               |
| TOTAL                                   | -398,355              |

**Federal Statements** 

13-3855623 FYE: 12/31/2004

Statement 2 - Form 1120, Page 1, Line 10 - Other Income Pass Through Information

| Name of Entity          |            |                               |         |       |            |
|-------------------------|------------|-------------------------------|---------|-------|------------|
|                         | EIN        | Address                       | City    | State | Zip        |
| ENERGY MERCHANT HOLDING | INC        |                               |         |       |            |
| ENERGY MERCHANT LLC     | 52-2101198 | P.O. BOX 549, 5 LAKE FANNY RD | BEL AIR | MD    | 21014-0549 |

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### Statement 3 - Form 1120, Page 1, Line 26 - Other Deductions

| Description                  | Amount            |
|------------------------------|-------------------|
| ENERGY MERCHANT CORP         |                   |
| ADP FEES                     | 7,774             |
| AUTO & LOCAL TRAVEL          | 23,009            |
| BANK CHARGES                 | 318               |
| CLEANING & JANITORIAL        | 10,589            |
| COMPUTER EXPENSES            | 6 <b>,9</b> 70    |
| CONSULTANTS                  | 66, <b>0</b> 00   |
| DUES AND SUBSCRIPTIONS       | 4,657             |
| INFORMATION SERVICES         | 48,447            |
| INSURANCE                    | 150,\$02          |
| OFFICE EXPENSE               | 305,832           |
| POSTAGE & DELIVERY           | 2,714             |
| PROFESSIONAL FEES            | 186 <b>,5</b> 91  |
| TELEPHONE                    | 39 <b>,0</b> 69   |
| TRAVEL & LODGING             | 221 <b>,\$</b> 89 |
| UTILITIES                    | 21, <b>0</b> 67   |
| 50% OF MEALS & ENTERTAINMENT | 76,355            |
| TOTAL                        | 1,171,583         |

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## **Federal Statements**

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Statement 4 - Form 1120, Pg 3, Sch K, Question 3 - Corp Owns 50% or More of a Domestic Corp

| EIN        | Name                        |     |      |       | •     |                  |                  |
|------------|-----------------------------|-----|------|-------|-------|------------------|------------------|
|            | Address                     |     | City | State | Zip   | Percent<br>Owned | Income<br>(Loss) |
| 13-4104912 | ENERGY MERCHANT HOLDING INC |     |      |       |       |                  |                  |
|            | 126 E 56TH ST, 33 FLR       | NEW | YORK | NY    | 10022 | 100.000 \$       |                  |
| 95-4564080 | POWERINE OIL COMPANY        |     |      |       |       |                  |                  |
|            | 126 E 56TH ST, 33 FLR       | NEW | YORK | VY    | 10022 | 100.000          | . `              |
| 95-4059009 | ANGLO PETROLEUM CORP        |     |      |       |       |                  |                  |
|            | 126 E 56TH ST, 33 FLR       | NEW | YORK | NY    | 10022 | 100.000          |                  |
| 13-3817433 | CORPORATE DEVELOPMENT INC   |     |      |       |       |                  |                  |
|            | 126 E 56TH ST, 33 FLR       | NEW | YORK | NY    | 10022 | 100.000          |                  |
|            |                             |     |      |       |       |                  |                  |

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**Federal Statements** 

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## Statement 5 - Form 1120, Pg 3, Sch K, Question 5 - Did Entity Own 50% or More of Corp Stock?

| EIN/SSN_    | Name of Entity     | Percent<br>Owned |
|-------------|--------------------|------------------|
| 106-52-9250 | SIEGFRIED K HODAPP | 68.500           |
| TOTAL       |                    | 68.500           |

13-3855623

### **Federal Statements**

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### Statement 6 - Form 1120, Page 4, Schedule L, Line 6 - Other Current Assets

| Description             | Beginning<br>of Year | End<br>of Year |
|-------------------------|----------------------|----------------|
| ENERGY MERCHANT CORP    |                      |                |
| DUE FROM AFFILIATES     | 502,047              | 382,047        |
| LOANS TO EMPLOYEES      | 1,854,428            | 1,529,428      |
| PREPAID CA INCOME TAXES | 69,801               |                |
| DUE FROM LDC            |                      | 834,235        |
| FC STONE ACCT           |                      | 5,103,820      |
| TOTAL                   | 2,426,276            | 7,849,530      |

### Statement 7 - Form 1120, Page 4, Schedule L, Line 9 - Other Investments

| Description   | Beginning<br>of Year             | End<br>of Year         |
|---|----------------------------------|------------------------|
| BNERGY MERCHANT CORP  | ·<br>                            |                        |
| EMC HANDLES GMBH POWERINE OIL COMPANY ENERGY MERCHANT HOLDING INC | 247,388<br>1,000,000<br>-785,573 | 1,000,000<br>1,256,715 |
| SUBTOTAL  | 461,815                          | 2,256,715              |
| ENERGY MERCHANT HOLDING INC                                       |                                  |                        |
| ENERGY MERCHANT STORAGE<br>EMC CAPITAL CORP                       | 100,000<br>75,073                | 100,000                |
| ENERGY MERCHANT LLC   | -1,460,647                       | 1,156,713              |
| SUBTOTAL  | -1,285,574                       | 1,256,713              |
| ADJUSTMENT  | 285,574                          | -2,256,713             |
| TOTAL   | -538,185                         | 1,256,715              |

### Statement 8 - Form 1120, Page 4, Schedule L, Line 14 - Other Assets

| Description          | Beginning<br>of Year | End<br>of Year |
|----------------------|----------------------|----------------|
| ENERGY MERCHANT CORP |                      |                |
| DEPOSITS             | 155,699              | 155,699        |
| TOTAL                | 155,699              | 155,699        |

### Statement 9 - Form 1120, Page 4, Schedule L, Line 18 - Other Current Liabilities

| Description          | Beginning<br>of Year | End<br>of Year |  |
|----------------------|----------------------|----------------|--|
| ENERGY MERCHANT CORP |                      |                |  |
| DUE TO AFFILIATES    | 968,987              | 6,340,572      |  |
| SUBTOTAL             | 968,987              | 6,340,572      |  |

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**Federal Statements** 

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## Statement 9 - Form 1120, Page 4, Schedule L, Line 18 - Other Current Liabilities (continued)

| Description | Beginning<br>of Year | End<br>of Year |  |
|-------------|----------------------|----------------|--|
| ADJUSTMENT  | \$ -881,745          | \$ -881,745    |  |
| TOTAL       | 87,242               | 5,458,827      |  |

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**Federal Statements** 

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## Statement 9 - Form 1120, Page 4, Schedule L, Line 18 - Other Current Liabilities (continued)

| Description | of Year        | of Year     |
|-------------|----------------|-------------|
| ADJUSTMENT  | \$ -881,745    | \$ -881,745 |
| TOTAL       | <b>87,24</b> 2 | 5,458,827   |

12088001 ENERGY MERCHAN

CORP

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13-3855623

**Federal Statements** 

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| Statement 10 - Sch M-3, P1, | Part I. Line 1c - Accou | Inting Standards Applied |
|-----------------------------|-------------------------|--------------------------|
|                             |                         |                          |

Description

ACCRUAL

Statement 11 - Sch M-3, P1, Part I, Includible Corporations With No Activity

Name of

**Entity** 

EIN

CORPORATE DEVELOPMENT INC ANGLO PETROLEUM CORPORATION

13-3817433 95-4059009

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## **Federal Statements**

13-3855623 FYE: 12/31/2004

| Name                        | EIN        | Type of<br>Entity | Income (Loss) per<br>Inc Stmt | Temporary<br>Difference | Permanent<br>Difference |
|-----------------------------|------------|-------------------|-------------------------------|-------------------------|-------------------------|
| ENERGY MERCHANT CORP        |            |                   |                               |                         |                         |
| ENERGY MERCHANT HOLDING INC | 13-4104912 | C-COPR            | 3,542,287                     |                         | -3,542,287              |
| TOTAL                       |            |                   | 3,542,287                     | 0                       | -3,542,287              |

### Statement 13 - Sch M-3, P2, Part II, Line 7 - US Dividends Not Eliminated in Tax Consolidation

| Name of<br>Dividend Payer |                   |                          |                               |                         |                         |                             |
|---------------------------|-------------------|--------------------------|-------------------------------|-------------------------|-------------------------|-----------------------------|
|                           | Payer<br>EIN      | Class of<br>Voting Stock | Income (Loss) per<br>Inc Stmt | Temporary<br>Difference | Permanent<br>Difference | Deduction per<br>Tax Return |
| ENERGY MERCHANT CORP      |                   | _                        |                               |                         |                         |                             |
| ENERGY MERCHANT HOLDING   | INC<br>13-4104912 | COMMON                   |                               |                         | 1,000,000               | 1,000,000                   |
| TOTAL                     |                   |                          | 0                             | 0                       | 1,000,000               | 1,000,000                   |

12088001 ENERGY MERCHANT CORP 9/14/2005 3:55 PM **Federal Statements** 13-3855623 FYE: 12/31/2004 Statement 14 - Sch M-3, P2, Part II, Line 6 - Income (Loss) From Equity Method US Corps Income (Loss) per Type of Temporary Permanent EIN Entity Difference Name inc Stmt Difference ENERGY MERCHANT HOLDING INC 13-4104912 C-COPR 3,542,287 -3,542,287 3,542,287 TOTAL 0 -3,542,287 Statement 15 - Sch M-3, P2, Part II, Line 7 - US Dividends Not Eliminated in Tax Consolidation Name of Dividend Payer Class of Income (Loss) per Temporary Permanent Deduction per Payer Difference Tax Return ΕÍΝ **Voting Stock** Inc Stmt Difference ENERGY MERCHANT HOLDING INC 13-4104912 COMMON 1,000,000 \$ 1,000,000 0 1,000,000 1,000,000 TOTAL

| Form 1120                 | K-1 Reconciliation Worksheet |                      |                                       |                                       | `                       | 2004                                   |
|---------------------------|------------------------------|----------------------|---------------------------------------|---------------------------------------|-------------------------|--|
|                           | For calendar year 2004 o     | r tax year beginning | , enc                                 | ding                                  |                         |  |
| Name<br>ENERGY MERC       | HANT CORP                    |                      |                                       |                                       | Employer Id<br>13 - 385 | entification Number 55623              |
|                           | Y MERCHANT LLC               |                      |                                       | For                                   | n K-1                   | Unit 1                                 |
| Type NONPA                |                              |                      | · · · · · · · · · · · · · · · · · · · | Enti                                  | re disposition          | of activity                            |
|                           | K1 Info                      | At-Risk adjustment   | Suppended PAL                         | PAL disalk                            |                         | Tax Return                             |
| 1120 Page 1 Business      |                              |                      |                                       |                                       |                         |  |
| Ordinary Income (loss)    | 7                            |                      |                                       |                                       |                         | -2,303,069                             |
| Rental RE income (loss    |                              |                      |                                       |                                       |                         |  |
| Other rental inc (loss)   | <u> </u>                     |                      |                                       |                                       |                         |  |
| Other income (loss)       |                              |                      |                                       |                                       |                         |  |
| Depreciation / Sec 179    |                              |                      |                                       |                                       |                         |  |
| Disallowed Sec 179 ex     |                              |                      |                                       |                                       | -                       |  |
| Depr/Sec 179 allowed      |                              |                      |                                       |                                       |                         |  |
| Depletion                 |                              |                      |                                       |                                       |                         | · · · · · · · · · · · · · · · · · · ·  |
| Intangible drilling costs |                              |                      |                                       |                                       |                         | ······································ |
| Other deductions          |                              |                      |                                       |                                       |                         |  |
| Charitable contrib        |                              |                      |                                       | · · · · · · · · · · · · · · · · · · · |                         |  |
| Guaranteed payments       |                              |                      |                                       |                                       |                         |  |
| 1120 P1 Portfolio         |                              |                      |                                       |                                       |                         |  |
| Interest income           | 6,252                        |                      |                                       |                                       |                         | 6,252                                  |
| Royaltles                 |                              |                      |                                       |                                       |                         | _                                      |
| Oth portfolio inc/loss    |                              |                      |                                       |                                       |                         |  |
| investment int expense    |                              |                      |                                       |                                       |                         |  |
| Deds related to portfolio |                              |                      |                                       |                                       |                         |  |
| Royalty deductions        |                              |                      |                                       |                                       |                         |  |
| Schedule C                |                              |                      |                                       |                                       |                         |  |
| Dividends                 | 1                            |                      |                                       |                                       |                         |  |
| Schedule D                |                              |                      |                                       |                                       |                         |  |
| ST capital gain (loss)    | 1                            |                      |                                       |                                       |                         |  |
| LT capital gain (loss)    | 4,918,000                    |                      |                                       |                                       |                         | 4,918,000                              |
| Form 4797                 |                              |                      |                                       |                                       |                         |  |
| Part I gain (loss)        |                              |                      |                                       |                                       |                         |  |
| Part II gain (loss)       |                              |                      |                                       |                                       |                         |  |
| Schedule M                |                              |                      |                                       |                                       |                         |  |
| Tax-exempt interest inc   | 1                            |                      |                                       |                                       |                         | į                                      |
| Other tax-exempt inc      |                              |                      |                                       |                                       |                         |  |
| Nondeductible exp         | -798                         |                      |                                       |                                       |                         | -798                                   |
| Payments                  |                              |                      |                                       |                                       |                         |  |
| Backup withholding        |                              |                      |                                       |                                       |                         |  |
| Form 4626                 |                              |                      |                                       |                                       |                         |  |
| Post 86 depr adj          |                              |                      |                                       |                                       |                         |  |
| Adjusted galn (loss)      |                              | į                    |                                       |                                       |                         |  |
| Depletion                 |                              |                      |                                       |                                       |                         |  |
| Oth adjmts & tax prefs    |                              |                      |                                       |                                       |                         |  |
|                           |                              |                      |                                       |                                       |                         |  |

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13-3855623

## **Federal Statements**

FYE: 12/31/2004

### Form 1120, Page 1, Line 5 - Interest

| Description  | Amount       |
|--|--------------|
| ENERGY MERCHANT CORP                                 |              |
| OTHER INTEREST                                       | 20,613       |
| SUBTOTAL   | 20,613       |
| ENERGY MERCHANT HOLDING INC                          |              |
| US OBLIGATION INT (SCH K-1) OTHER INTEREST (SCH K-1) | 371<br>5,881 |
| SUBTOTAL   | 6,252        |
| TOTAL  | 26,865       |

### Form 1120, Page 1, Line 13 - Salaries and Wages

| Description          | Amount  |
|----------------------|---------|
| ENERGY MERCHANT CORP |         |
| SALARIES AND WAGES   | 423,558 |
| TOTAL                | 423,558 |

### Form 1120, Page 1, Line 17 - Taxes and Licenses

| - Amount |  |
|----------|--|
|          |  |
| 70,335   |  |
| 56,562   |  |
| 9,154    |  |
| 11,722   |  |
| 147,773  |  |
|          |  |

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13-3855623

### **Federal Statements**

FYE: 12/31/2004

### Form 1120, Page 4, Schedule L, Line 7 - Loans to Shareholders

| Description          | Beginning<br>of Year | End<br>of Year |  |
|----------------------|----------------------|----------------|--|
| POWERINE OIL COMPANY |                      |                |  |
| SHAREHOLDER LOANS    | 881,745              | 881,745        |  |
| SUBTOTAL             | 881,745              | 881,745        |  |
| ADJUSTMENT           | -881,745             | -881,745       |  |
| TOTAL                | 0                    | 0              |  |

### Form 1120, Page 4, Schedule L, Line 19 - Loans from Shareholders

| Description          | Beginning of Year | End<br>of Year |  |
|----------------------|-------------------|----------------|--|
| ENERGY MERCHANT CORP |                   |                |  |
| SHAREHOLDER LOANS    | 230,000           |                |  |
| TOTAL                | 230,000           | 0              |  |

### Form 1120, P4, Sch L, Line 20 - Mortgage, Notes, Bonds Pay in One Year or More

| Description               | Beginning<br>of Year | End<br>of Year |
|---------------------------|----------------------|----------------|
| POWERINE OIL COMPANY      | _                    |                |
| ACCRUED EPA CLEAN-UP COST | 8,487,170            | 8,487,170      |
| TOTAL                     | 8,487,170            | 8,487,170      |

### Form 1120, Page 4, Schedule L, Line 23 - Additional Paid-in Capital

| Description                 | Beginning<br>of Year | End<br>of Year |  |
|-----------------------------|----------------------|----------------|--|
| ENERGY MERCHANT CORP        |                      |                |  |
| PAID-IN CAPITAL             | 349,700              | 349,700        |  |
| SUBTOTAL                    | 349,700              | 349,700        |  |
| ENERGY MERCHANT HOLDING INC |                      |                |  |
| PAID-IN CAPITAL             | 22,343,205           | 22,343,205     |  |
| SUBTOTAL                    | 22,343,205           | 22,343,205     |  |
| POWERINE OIL COMPANY        |                      |                |  |
| PAID-IN CAPITAL             | 999, 999             | 999,999        |  |
| SUBTOTAL                    | 999,999              | 999,999        |  |
| ADJUSTMENT                  | -23,343,204          | -23,343,204    |  |
| TOTAL                       | 349,700              | 349,700        |  |

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13-3855623

## **Federal Statements**

FYE: 12/31/2004

### Form 4626, Line 2a - Depreciation of Post-1986 Property

| Description            | Amount  |
|------------------------|---------|
| ENERGY MERCHANT CORP   |         |
| NON-PASSIVE ACTIVITIES | -15,205 |
| TOTAL                  | -15,205 |

| • |  |  | 0 |
|---|--|--|---|
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### EMC Journal Entries FYE 12/31/98

|          |  | <u></u>       | <u> </u>      |
|----------|--|---------------|---------------|
|          |  | DR.           | CR.           |
|          |  |               | 1             |
| 1        | Citicorp Receipts  | į             |               |
|          | Cash in Bank - Citicorp  | 5,084,237.12  | ;             |
|          | Advest   | 1             | 4,000,000.00  |
|          | Vanguard   | 1             | 1,057,741.74  |
|          | Interest Income - Vanguard                                     | 1             | 26,471.40     |
|          | Interest Income  | 1             | 23.98         |
|          | morest moone   | !             | 25.50         |
| 2        | Citicorp Disbursements   |               | į             |
| -        | Standard Charter (for EMLLC)                                   |               | 1             |
|          | Due from Powerine  | 127,000.00    | fi.           |
|          | Purchase of office equipment                                   | 12,302.61     | <u> </u>      |
|          | PNC (payroil)  |               | ļ             |
|          | Due from NMB   | 196,000.00    | <u> </u>      |
|          |  | 75,347.40     | į į           |
|          | Prepaid Expenses (Consulting)                                  | 30,000.00     | <u>;</u>      |
|          | Advest   | 1,000,000.00  | <u> </u>      |
|          | Bank Charges   | 897.93        | i             |
|          | Telephone  | 15,668.65     |               |
|          | Travel   | 6,488.00      | ]             |
|          | Meals  | 340.58        |               |
|          | Office Supplies  | 2,761.71      |               |
|          | Misc. General  | 19,271.08     |               |
| version. |  | 58,506.88     | }             |
|          | Courier  | 1,489.15      | ;             |
|          | Utilities  | 750.11        |               |
|          | Auto   | 6,888.00      |               |
|          | Data   | 1,739.07      |               |
|          | Medical Insurance  | 8,561.81      | •             |
|          | Travel & Entertainment - Other                                 | 221,198.41    | İ             |
|          | Legal Settlement   | 220,533,31    |               |
|          | Cleaning   | 1,308.83      | İ             |
|          | Legal  | 15,280.25     |               |
|          | Professional   | 156,139.00    |               |
|          | Property Tax   | 5,049.88      |               |
|          | Memberships  | 397.00        |               |
|          | Cash in Bank - Citicorp  |               | 5,183,919.66  |
|          |  |               |               |
| _        |  |               |               |
| 3        | Funds at Advest  |               |               |
|          | Advest   |               | 16,877,640.12 |
|          | Cash to Citicorp   | 4,000,000.00  |               |
|          | Advance to EMCC - Pioneer                                      | 1,300,000.00  |               |
|          | Advance to EMCC - Refco  | 900,000.00    | İ             |
|          | Bank Charges   | 234.00        |               |
|          | Interest Expense   |               | 177,601.69    |
|          | Interest Income  | 12,377.92     |               |
|          | Securities held for sale                                       | 10,242,210.00 | 1             |
|          | Securities for Trading   | 392,475.51    |               |
|          | Prepaid Interest on Debt securities                            | 176,588.31    |               |
|          | Trading Income   | 31,356.07     | į             |
|          | -  | 21,121.01     |               |
|          |  |               |               |
| 4        | Unrealized Gain or Loss in the value of Securities per FAS 115 |               |               |
|          | Securities Portfolio unrealized gain or loss                   | į             | 190,316.67    |
|          | Unrealized Gain or Loss in the value of securities             | 190,316.67    |               |
|          |  | ,             | •             |
|          | į  |               | į             |
|          |  | i             | į             |

### EMC Journal Entries FYE 12/31/98

|     |  | DR.                                    | CR.                |
|-----|--|--|--------------------|
|     |  |  |                    |
| 5   | Reverse A/P Accrual of 8/31/98 Accounts Payable                | 22,504.18                              |                    |
|     | Travel   |  | 19,586.51          |
|     | Communications   |  | 90.21              |
|     | Telephone  |  | 2,388.75<br>262.90 |
|     | Delivery Data Processing                                       |  | 155.72             |
|     | Utilities  |  | 20.09              |
| 6   | Accrue A/P at 12/31/98   |  | 20 770 70          |
|     | Accounts Payable  Professional (AA)                            | 31,500.00                              | 32,773.76          |
|     | Medical  | 900.00                                 |                    |
|     | Legal  | 373.76                                 |                    |
| 7   | Accrued Employee Bonuses                                       | 200 500 00                             |                    |
|     | Employee Bonus Accrued Employee Bonuses                        | 302,500.00                             | 302,500.00         |
|     | Accided Employee Bolidses                                      |  | 302,300.00         |
| 8   | Payroll Expense 9/98 to 12/31/98                               |  |                    |
|     | Payroll Expense  | 197,270.24                             |                    |
|     | Payroll Tax Expense Employee Insurance                         | 9,241.03<br>895.14                     |                    |
|     | PNC - payroll account  | 000.11                                 | 207,406.41         |
| 9   | Reverse Accrued Payroll at 8/31/98                             |  |                    |
|     | Accrued Payroll  | 10,866.40                              |                    |
|     | Accrued Payroll Taxes Payroll Expense                          | 259.17                                 | 11,125.57          |
| 40  |  |  |                    |
| 10  | Accrue Payroll at 12/31/98 (4 days) Accrued Payroll            | 1,411.12                               |                    |
|     | Payroli Expense  | .,                                     | 1,411.12           |
|     | Accrued Payroll Taxes  | 247.20                                 |                    |
|     | Payroll Tax Expense  |  | 247.20             |
| 11  | Correct Investment in EMCC                                     | · · · · · · · · · · · · · · · · · · ·  |                    |
|     | Investment in EMCC Refco                                       | 10000000000000000000000000000000000000 | 500,000.00         |
|     | Pioneer  |  | 500,000.00         |
| 12  | Consolidate A/R from POC                                       |  |                    |
|     | Due from POC   | 14,245.90                              |                    |
|     | A/R - POC  |  | 14,245.90          |
|     |  |  |                    |
| 13  | Correct Investment and expenses for EMLLC / Eildon             | 1                                      |                    |
|     | Investment in EMLLC  |  |                    |
|     | Due to EMLLC   |  | 7,000,000.00       |
|     | Due to EMLLC   | 116,139.00                             |                    |
|     | Professional Expense   |  | 116,139.00         |
| 4.4 | Correct Harrison, Hammaliath & Bartner, Lauguit Settlement     | or V/P                                 |                    |
| 14  | Correct Harrmon, Hemmelrath & Partner - Lawsuit Settlement per | el vr                                  | į                  |

EMC Journal Entries EYE 12/31/98

| FYE 12/31/98 |   |                                     |            |  |  |
|--------------|---|-------------------------------------|------------|--|--|
|              |   | DR.                                 | CR.        |  |  |
|              | Settlement of Law Suit<br>Legal Expenses (Germany)<br>Loan Officer  | 209,720 00<br>10,813.31             | 220,533.31 |  |  |
| 15           | Depreciation of Office Equipment<br>Depreciation (205.00/mo./ 5yr -SL)<br>Acc Depr  | 410.00                              | 410.00     |  |  |
| 16           | Securities purchased on Margin but not settled by 12/31/99<br>Trading Securities<br>Cash - Advest                                     | 807,551.16                          | 807,551.16 |  |  |
| 17           | Accrued Interest on Securities owned but not received at 12/31/<br>Interest Receivable<br>Interest Income                             | 99<br>78,179.69                     | 78,179.69  |  |  |
| 18           | Wires from Citicorp between 12/22/98 and 12/31/98<br>Loan to Powerine<br>Pnc Payroll<br>Consultant - June Chrisman<br>Citicorp - Cash | 29,000.00<br>25,000.00<br>25,000.00 | 79,000.00  |  |  |
| 19           | Harrmon, Hemmelrath A/P on POC books paid by EMC as part Loan Receivable POC Legal Expenses   | of 9/98 payment.<br>5,280.00        | 5,280.00   |  |  |
| 20           | Harrmon, Hemmelrath payment Citicorp Wire on 9/17/98. Loan Recievable - Shareholder (S. Hodapp) Legal Settlement                      | 209,720.00                          | 209,720.00 |  |  |

P

30 KENNEDY PLAZA

FAX: (401) 455-4401

(401) 455-4400

PROVIDENCE, RI 02903-2358

# ROPES & GRAY ONE INTERNATIONAL PLACE BOSTON, MASSACHUSETTS 02110-2624

(617) 951-7000

FAX: (617) 951-7050

WRITER'S DIRECT DIAL NUMBER: (617) 951-7485
WRITER'S E-MAIL ADDRESS: LFRASER@ROPESGRAY.COM

ONE FRANKLIN SQUARE
1301 K STREET, N. W.
SUITE 800 EAST
WASHINGTON, DC 20005-3323
(202) 626-3900
FAX; (202) 628-3981

August 31, 1999

### BY OVERNIGHT COURIER

Mr. Vincent Papa Energy Merchant Corp. 767 Fifth Avenue, 23rd Floor New York, NY 10153

Re: Power and Energy Capital Group, Inc.

Dear Mr. Papa:

At the request of Megan Kelleher, enclosed are execution copies of the following documents:

- 1. Secured Term Note. punt
- 2. Warrant.
- 3. Security Agreement.
  - 4. UCC-1 financing statement to be filed in Maryland.

I have also enclosed marked versions of the Note and Security Agreement for your reference.

Please feel free to call Megan or me with any questions.

Very truly yours,

Leigh Fraser

Leigh R. Fraser

**Enclosures** 

c: Megan Kelleher Tim Diggins

### ENERGY MERCHANT, LLC

### SECURED TERM NOTE

AUGUST 3/ , 1999

FOR VALUE RECEIVED, the undersigned Energy Merchant, LLC, a Delaware limited liability company (the "Company"), hereby promises to pay to Power and Energy Capital Group, Inc., a Massachusetts corporation (the "Holder"), or registered assigns, the sum of \$10,000,000 (or, if less, the aggregate amount of advances made by the Holder to the Company hereunder), with accrued interest thereon, at the address set forth in Section 7 hereto, or at such other place as the Holder of this Note shall from time to time have designated to the Company in writing, on the date (the "Maturity Date") that is the earlier of (a) the tenth anniversary of the date hereof, and (b) the date on which all of the programs and transactions described on Schedule A hereto, as such Schedule A may be supplemented or amended from time to time by agreement between the Company and the Holder (the "Permitted Activities"), have terminated or otherwise been completed (due to expiration, voluntary termination, backwardation or otherwise).

This Note shall accrue interest at a rate equal to the Net Profit Share. The "Net Profit Share" shall be an amount equal to 50% of the aggregate realized profits of the Company in respect of the Permitted Activities, after deducting from such profits (a) the portion of such profits (together with any management fees payable pursuant to the Eildon Agreement (as defined below) or the Agreement Related to Energy Risk Management Advisory Services, dated as of December 10, 1998, between Energy Merchant Corporation and Bildon Marketing LLC, the "Eildon Share"), if any, that the Company is required to pay to Eildon Associates pursuant to the Service Agreement Related to Energy Risk Management Programs dated as of December 10, 1998, between Energy Merchant Corporation and Eildon Associates, LLC, as in effect on the date hereof, or as amended with the prior written approval of the Holder (the "Eildon Agreement"), and (b) any other profit shares agreed to in writing by the Holder (together with the Eildon Share, "Approved Profit Shares"). If the amount of any Approved Profit Share has not been finally determined as of the date of payment of any interest on this Note, then the parties shall together estimate the amount of the Approved Profit Share, if any, and the amount of such interest shall be calculated using such estimate; if the actual amount of the Approved Profit Share, if any, is ultimately determined to be different from the amount so estimated, then the Company shall pay additional interest, or the Holder shall refund interest, as the case may be, in an amount reflecting the difference. Such interest, if any, shall be payable quarterly, on the fifteenth day of the first month of such quarter (or on the next following business day, if such fifteenth day is not a business day), in an amount equal to the

amount of Net Profit Share realized in respect of the Permitted Activities during the preceding calendar quarter, and on the Maturity Date in an amount equal to the Net Profit Share of the Company in respect of the Permitted Activities not previously paid by the Company to the Holder. In the event that any additional profit is realized by the Company in respect of the Permitted Activities following the Maturity Date, the Company shall pay additional interest in an amount equal to the Net Profit Share determined in respect of such additional profit. For the avoidance of doubt, the parties agree that the Holder shall be entitled to receive as interest 50% of all profits realized by or inuring to the Company in respect of the Permitted Activities (after deducting any Approved Profit Share) and the provisions of this Note shall be construed so as to give effect to such agreement. To the extent that the interest payable by the Company to the Holder in respect of any quarter is a negative number, such amount shall be carried forward and applied to reduce the interest payable by the Company to the Holder in subsequent periods. To the extent that the accrued and unpaid interest hereon as of the Maturity Date is a negative number, the aggregate outstanding principal amount due to the Holder hereunder shall be reduced by such amount.

The following costs and expenses of the Company shall be taken into account in determining the aggregate profit of the Company in respect of the Permitted Activities: (a) any Approved Profit Share, (b) any reasonable ordinary business expenses of the Company (other than any overhead expenses of the Company), including without limitation any expenses incurred in connection with negotiating, entering into, or executing any Permitted Activity, and (c) any other expenses specifically agreed to in writing by the Holder. Except as provided in the foregoing sentence, in no event will any costs and expenses of the Company be taken into account in determining the aggregate profit of the Company in respect of the Permitted Activities, including without limitation the following: (i) any portion of the overhead of the Company or any of its Affiliates (including without limitation the salaries of any employee of the Company or any of its Affiliates); or (ii) any cost or expense of any kind of the Company in enforcing the terms of any Permitted Activity against third parties.

- 1. <u>Prohibition on Prepayments</u>. The Company may not prepay the principal amount hereunder without the prior written consent of the Holder.
- 2. <u>Security</u>. The obligations of the Company under this Note are secured pursuant to the Subordinated Security Agreement dated as of August \_\_\_, 1999 (the "Security Agreement") between the Company and the Holder.
- 3. Representations and Warranties of the Company. The Company represents and warrants to the Holder (which representations and warranties will be deemed to be repeated by the Company at all times when any amounts are outstanding under this Note) that:
- 3.1 <u>Due Organization</u>. The Company is a limited liability company duly organized and validly existing and in good standing under the laws of Delaware, whose equity interests are owned 99% by Energy Merchant Corporation and 1% by Siegfried Hodapp.

- 3.2 <u>Due Authorization</u>. The Company has the power to execute and deliver this Note, the Membership Interest Purchase Warrant of the Company issued by the Company to the Holder as of the date hereof (the "Warrant"), the Security Agreement, and any other document or agreement contemplated by or in furtherance of the purposes of this Note or the Permitted Activities (each, including without limitation this Note, the Warrant and the Security Agreement, a "Relevant Document"), and to perform its obligations under each thereof, and has taken all necessary action to authorize such execution, delivery and performance.
- 3.3 Noncontravention. Such execution, delivery, and performance do not violate or conflict in any material respect with any law applicable to the Company, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets, or any contractual restriction binding on or affecting it or any of its assets.
- 3.4 <u>Consents</u>. All governmental and other consents that are required to have been obtained by the Company with respect to each Relevant Document and the performance thereof have been obtained and are in full force and effect and all conditions of any such consents have been complied with.
- 3.5 <u>Enforceability</u>. The obligations of the Company under each Relevant Document constitute its legal, valid, and binding obligations, enforceable in accordance with their respective terms. The membership interests of the Company issued upon exercise of the Warrant will be duly authorized and validly issued.
- 3.6 No Proceedings. There is not pending or, to the Company's knowledge after due inquiry, threatened against the Company or any Affiliate of the Company any action, suit, or proceeding at law or in equity or before any court, tribunal, governmental body, agency, or official or any arbitrator that is reasonably likely to have a material adverse effect on the legality, validity, or enforceability against it of any Relevant Document or its ability to perform its obligations under such Relevant Document.
- 4. <u>Covenants</u>. The Company covenants and agrees as follows:
- 4.1 <u>Use of Proceeds</u>. The Company shall use the proceeds of the loan made by the Holder to the Company hereunder solely in connection with the Permitted Activities, unless otherwise agreed in writing by the Holder.
- 4.2 Reports. The Company shall provide to the Holder every other week (and, in addition, upon one business day's notice, on any other business day requested by the Holder) when any transaction in connection with the Permitted Activities is open (a) a calculation of the realized and unrealized profit or loss in respect of such transaction as of such date, (b) the current market pricing of such transaction as of such date, (c) a description of any actions

taken by the Company or any counterparty in respect of such transaction or any position comprising such transaction since the last such report, and (d) all other reports or information reasonably requested by the Holder.

- 4.3 <u>Confidentiality: No Liability</u>. The Company and each of its Affiliates may only disclose the identity of the Holder and its Affiliates and the existence and terms of this Note if, in connection with such disclosure, the disclosing entity discloses the limited nature of the Holder's involvement with the Company and its Affiliates. The Holder shall have no liability for or in respect of the Company of any kind and in no event will the Company represent or otherwise in any way imply or suggest that the Holder has any involvement in or is in any way responsible for or liable in respect of any Permitted Activity.
- 4.4 <u>Termination of Permitted Activities</u>. In no event will the Company terminate any Permitted Activity unless the Company notifies the Holder of its intention to do so prior to its so terminating the Permitted Activity.
- 4.5 Limitation on Distributions. Without the prior written consent of the Holder, the Company shall not make any Distribution (as defined below) to any person (other than the Holder) unless (a) simultaneously therewith the Company pays to the Holder an amount equal to the amount of such Distribution (except to the extent such Distribution represents profit from Permitted Activity and the Holder has already received its 50% share of such profit as interest), and (b) at the time of such Distribution, no Event of Default has occurred and is continuing. Nothing in this Section 4.5 shall prevent the Company from paying Eildon Associates the Eildon Share, if any.

"Distribution" means (A) the declaration or payment of any dividend or other distribution of any kind on or in respect of a membership interest or other interest in the Company, (B) the purchase, redemption, or other retirement of any membership interest or other interest in the Company, (C) any other distribution on or in respect of any membership interest or other interest in the Company, including without limitation any distributions made upon the liquidation or dissolution of the Company, (D) any payment of principal or interest with respect to, or any purchase, redemption, or defeasance of, any indebtedness of the Company (other than any indebtedness to the Holder or under any Approved Credit Agreement (as defined below)), and (E) any payment, loan, or advance by the Company to the holder of any membership interest or other interest in the Company, or any affiliate of such holder. For the avoidance of doubt, payments made by the Company in the ordinary course of business that are not described in the foregoing clauses (A) through (E) shall not be Distributions.

4.6 <u>Limitation on Credit Support</u>. Neither the Company nor any subsidiary thereof shall seek or accept credit support of any kind from any person or entity other than the Holder or under a credit agreement with Standard Chartered Bank (or another financial institution, approved by the Holder in its reasonable discretion, of equal international standing) on terms substantially similar to those described in the term sheet provided by Standard Chartered Bank

Agreement"); provided, however, that the Company may accept credit support (a) with the prior written consent of the Holder, or (b) in the ordinary course of business. Neither the Company nor any subsidiary thereof shall consent to any amendment to or restatement of any Approved Credit Agreement without the prior written consent of the Holder. The Holder will subordinate the obligations of the Company to the Holder (and the security interest granted by the Company to the Holder pursuant to the Security Agreement) to the obligations of the Company to the senior lender (and the security interest of such senior lender) under any Approved Credit Agreement. The Holder also agrees that the obligations of the Company to the Holder hereunder are subordinated to the obligations of the Company to any customers of the Company who are not Affiliates of the Company or any Affiliates of such Affiliates incurred in connection with transactions entered into by the Company in the ordinary course of business.

- 4.7 <u>Limitation on Business Activity</u>. Neither the Company nor any subsidiary thereof shall engage in any business, activity, or transaction other than the Permitted Activities and other transactions approved in writing in advance by the Holder. Neither the Company nor any subsidiary thereof shall enter into any contract without the prior written consent of the Holder, other than contracts entered into in the ordinary course of business in respect of the Permitted Activities and other transactions approved in writing in advance by the Holder.
- 4.8 <u>Limitations on Amendments to Eildon Agreement</u>. The Company shall not consent to any amendment, restatement or termination of the Eildon Agreement without the prior written consent of the Holder.
- 4.9 <u>Limitation on Issuance of Equity</u>. Without the prior written consent of the Holder, the Company shall not issue any membership interest or other equity interest to any person other than Energy Merchant Corporation and no subsidiary of the Company shall issue any equity interest to any person other than the Company. Without the prior written consent of the Holder, the Company shall not own equity interests in any entities that are not wholly owned by the Company.
- 4.10 <u>Limitation on Sales of Equity</u>. Without the prior written consent of the Holder, the Company may not sell any of its membership interest or other equity interest in any of its subsidiaries. Without the prior written consent of the Holder, neither Energy Merchant Corporation nor Siegfried Hodapp will sell, pledge or otherwise assign any of its membership interest or other equity interest in the Company. Without the prior written consent of the Holder, Siegfried Hodapp will not sell any of his shares, or any other direct or indirect interest, in Energy Merchant Corporation.
- 4.11 <u>Limitation on Mergers or Similar Transactions</u>. None of Energy Merchant Corporation, the Company, or any of its subsidiaries shall consolidate or amalgamate with, or merge into, or transfer all or substantially all its assets to, another entity (other than a merger

of one wholly-owned subsidiary of the Company with and into another wholly-owned subsidiary of the Company or a merger of a wholly-owned subsidiary of the Company with and into the Company) if, at the time of such consolidation, amalgamation, merger, or transfer, the resulting, surviving or transferee entity has not been approved in advance by the Holder.

### 5. Defaults.

- 5.1 Events of Default. Each of the following events is herein referred to as an "Event of Default":
  - 5.1.1. Payment. The Company shall fail to make any payment in respect of interest on or principal of this Note as the same shall become due, whether at maturity or by acceleration or otherwise and such failure shall continue for a period of two (2) business days; or
  - 5.1.2. Breach of Covenant. The Company or any of its Affiliates shall fail to perform or observe any other covenant, agreement or provision to be performed or observed by it under any Relevant Document and such failure shall not be rectified or cured to the satisfaction of the Holder within five (5) days; or
  - 5.1.3. Breach of Representation. Any written representation or warranty of or with respect to the Company made in connection with any Relevant Document shall prove to have been false in any material respect on the date as of which it was made without reference to whether such representation or warranty was made with knowledge or without knowledge; or
  - 5.1.4. Cross-Default. An event of default shall occur and be continuing under any Approved Credit Agreement or with respect to any other material obligation owed by the Company or any of its subsidiaries, or the Company or any of its subsidiaries shall breach any of its material obligations to any person or entity under or in respect of any Permitted Activity or any other transaction financed with proceeds of a loan by the Holder to the Company, and such failure is not cured within any applicable grace period or any event of default or comparable event shall occur under or in respect of any Permitted Activity or any other transaction financed with proceeds of a loan by the Holder to the Company; or
  - 5.1.5. Bankruptcy, etc. The Company or any Affiliate of the Company shall be involved in financial difficulties as evidenced by: (a) its commencement of a voluntary case under Title 11 of the United States Code as from time to time in effect, or by its authorizing, by appropriate proceedings of its board of directors or other governing body, the commencement of such a voluntary case; (b) the commencement of an involuntary case under said Title 11 and such case is not dismissed within 30 days; (c) its filing an answer or other pleading admitting or failing to deny the material

allegations of a petition filed against it commencing an involuntary case under said Title 11, or seeking, consenting to, or acquiescing in the relief therein sought or provided, or by failing to controvert timely the material allegations of any such petition; (d) the entry of an order for relief in any involuntary case commenced under said Title 11; (e) its seeking relief as a debtor under any applicable law, other than said Title 11, of any jurisdiction, whether within or without the United States of America, relating to the insolvency, liquidation, or reorganization of debtors or the modification or alteration of the rights of creditors, or by its consenting to or acquiescing in such relief or any involuntary case or petition filed or made therefor (including without limitation making or seeking to make any arrangement or composition with its creditors, seeking any order or arrangement for rehabilitation or for the appointment of any receiver. administrative receiver, administrator, trustee, or person performing similar functions. or instituting supervisory proceedings or proceedings for court administration or similar proceedings in any jurisdiction); (f) the commencement of any involuntary case or proceeding of the nature referred to in (e) above and such case is not dismissed within 30 days; (g) the passing of any resolution by its members, shareholders, partners, or other controllers to effect, approve or seek its winding up, dissolution or liquidation; (h) the entry of any order by a court, tribunal, or other authority of competent jurisdiction finding it to be bankrupt or insolvent, ordering or approving its liquidation, winding up, dissolution, or reorganization or any modification or alteration of the rights of its creditors, or assuming custody of, or appointing a receiver, administrator, administrative receiver, trustee, custodian, or other person performing similar functions for all, or a substantial part, of its property or business; (i) its making an assignment for the benefit of, or entering into a composition or other arrangement with, its creditors, or appointing or consenting to the appointment of a receiver, administrator, administrative receiver, trustee, custodian, or other person performing similar functions for all or a substantial part of its property or business; or (j) its admission in writing of its inability to pay its debts as they become due; or

5.1.6. Revocation of License. Any authorization, consent, approval, license, exemption of, or filing or registration with any court, tribunal, or governmental department, commission, board, bureau, agency, or instrumentality, securities exchange, or association, whether of the United States of America or any other jurisdiction (each, a "License"), required for the execution of any Relevant Document by the Company, entry into any Permitted Activity by the Company or any of its subsidiaries or performance of its obligations hereunder or thereunder or otherwise required for the Company or any of its subsidiaries to engage in its business as now conducted or contemplated by this Note or any Relevant Document shall be revoked or suspended or shall fail to be renewed by any agency, court, tribunal, or other governmental entity or regulatory body of any political subdivision of any kind in any jurisdiction whether or not of or located in the United States, or if any such person or entity shall take any disciplinary action against the Company, or make any order restricting the activities of the Company or its ability to dispose of its assets, in each

case which in the opinion of the Holder has or could have a material adverse effect on the ability of the Company to perform its obligations hereunder; or

- 5.1.7. Violation of Law. The Company engages in any activity violative of any law, rule, or regulation (including without limitation any rule or by-law of any exchange, securities association, or self-regulating organization) relating to any part of its business which in the opinion of the Holder has or could have a material adverse effect on the ability of the Company to perform its obligations hereunder or under any Permitted Activity.
- 5.2 Remedies. Upon the occurrence and during the continuance of any Event of Default the Holder may accelerate the maturity of this Note upon notice to the Company (and upon the occurrence of an Event of Default under Section 5.1.5 above, such maturity shall be automatically accelerated) and may exercise any remedies at law or in equity. If an Event of Default occurs, the Holder (at its election) may set off any or all amounts which the Company owes to it under this Note or otherwise, whether or not then due, against any or all amounts which it owes to the Company under this Note or otherwise, whether or not then due.
- 5.3 Waivers. The Company hereby waives to the extent not prohibited by applicable law which cannot be waived (a) all presentments, demands for performance, notice of nonperformance (except to the extent specifically required by the provisions hereof), (b) any requirement of diligence or promptness on the part of the Holder in the enforcement of its rights under this Note, (c) except to the extent required by other provisions of this Note, any and all notices of every kind and description which may be required to be given by any statute or rule of law, and (d) any defense of any kind (other than indefeasible payment) which it may now or hereafter have with respect to its liability under this Note.
- 5.4 Course of Dealing. No course of dealing between the Company and its Affiliates on the one hand, and the Holder and its Affiliates, on the other hand, shall operate as a waiver of any of the Holder's rights under this Note. No delay or omission in exercising any right under this Note shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any other occasion. No waiver or statement of satisfactory cure or consent shall be binding upon the Holder unless it is in writing and signed by the Holder.
- 6. Indemnification. The Company agrees to indemnify, defend, and hold and save harmless the Holder from any and all losses, damages, claims, actions, demands, or lawsuits of any kind whatsoever (including reasonable attorneys' fees) (other than a loss with respect to the Permitted Activities or a loss with respect to the amount of interest due by the Company to the Holder hereunder) arising in any way directly or indirectly out of the transactions contemplated by this Note except such as may be caused by the gross negligence or willful misfeasance of the Holder.

Any remedy provided to the Holder or the Company in this Note, including any remedy provided by this Section 6, shall not be exclusive, and a party shall be entitled to exercise all rights and take advantage of all remedies available to it under applicable law.

7. <u>Notices</u>. All notices, requests and demands to or upon the Company or the Holder shall be deemed effective upon receipt and shall be given in writing (including by facsimile transmission), as follows:

If to the Company: Energy Merchant, LLC

If to the Holder:

Power and Energy Capital Group, Inc. c/o Harvard Management Company, Inc.

600 Atlantic Avenue Boston, MA 02210

Telecopier No.: 617-523-1360

Attention: Stuart Porter and Michael Pradko

8. General. This Note shall bind and inure to the benefit of the Company and the Holder and their respective successors and assigns; provided, however, that the obligations of the Company hereunder may not be assigned without the prior written consent of the Holder. This Note is a sealed instrument and shall be governed by and construed in accordance with the laws (other than choice of laws rules) of the State of Delaware.

For the purposes of this Note, "Affiliate" shall mean any entity controlled, directly or indirectly, by the Company, any entity that controls, directly or indirectly, the Company, and any entity under common control with the Company. For purposes of this definition, "control" of an entity means ownership or control of a majority of the voting power of the entity.

The invalidity or unenforceability of any term or provision hereof shall not affect the validity or enforceability of any other term or provision hereof.

This Note is hereby executed on behalf of the Company as of the date first written above by its duly authorized officer.

ENERGY MERCHANT, LLC

Ву

Title:

## Schedule A

## PERMITTED ACTIVITIES